

# DOING BUSINESS IN POLAND

Country Commercial Guide 2011



*Prepared by*

**U.S. Commercial Service  
and U.S. Embassy Warsaw**

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## Chapter 1: Doing Business in Poland

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### Market Overview

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Poland constitutes a market of over of 38 million people located in the heart of Central Europe, sharing borders with both “new” EU and “old” EU-15 countries, and markets to the east including Ukraine, Belarus and Russia (Kaliningrad oblast). Poland's integration into the European Union (EU) has been a gradual but steady process. Adoption of EU legislation allowed Poland to reform the way in which its economy is regulated and reduce government intervention in the private sector. Changes in areas such as financial markets, company and competition law, accounting, and intellectual property rights have created a better environment for business and have contributed to economic growth. Poland plans to eventually adopt the Euro currency which will further the integration process. Poland is an active member of NATO, upgrading its armed forces accordingly and participating in joint peacekeeping activities in the region and elsewhere. Poland has troops deployed in support of the NATO mission in Afghanistan.

The United States and Poland enjoy an extraordinarily close relationship, which has fostered strategic and commercial cooperation. U.S. companies are active in Poland, having invested heavily since the early 1990's after the country's transition from communism to democracy and the establishment of a market-driven economy. Abundant opportunities remain for U.S. firms in Poland. In addition to the size and location of the domestic market, the country also affords direct access to the larger EU market. Poles continue to demonstrate a strong affinity for the United States and its products.

Poland's GDP growth doubled in 2010 to 3.5%. Recent GDP projections for 2011 are for continued expansion of about 4.0%. Poland's strong economic performance was fueled by high export output, individual consumption and increased business investment. Over the medium term, growth will be generated by domestic demand, infrastructure spending (with EU support), and capital investment.

On average, the United States claims roughly 2-3% of Poland's annual import market. In 2008, the U.S. sold \$4.1 billion worth of products and services in Poland but this fell to \$2.3 billion in 2009 due to the global downturn. Defense products make up about a quarter of these totals.

During the first nine months of 2010, U.S. exports to Poland rebounded to \$2.1 billion or a 34% increase over the same period in 2009. Dramatic increases were registered in such product categories as coking coal – up 325% to \$294 million, civilian aircraft – up

38% to \$278 million, computer equipment – up 131% to \$85 million, medical equipment – up 15% to \$85 million, and basic chemicals – up 338% to \$63 million.

Overall, the Polish market can count on moderately increasing domestic demand and a general affinity for U.S. products. U.S. firms can increase their competitive edge by cultivating the market, establishing a local presence, committing to strong after-sales service and support and offering pricing and financial terms consistent with customer needs. U.S. exporters are encouraged to offer creative pricing and financing packages in order to win business from Polish buyers.

Sectors which offer particularly strong sales opportunities include nuclear power generation, shale gas exploration and production equipment and services, environmental technologies including renewable energies, medical equipment, defense equipment, IT products and services, and automotive after-market products. Poland continues to offer the benefits of a positive public attitude toward foreign investment, consistent economic growth rates, a well-regarded workforce, proximity to major markets and political stability.

The Polish Government plans to complete its first nuclear power plant by 2020. This is a massive undertaking which has created opportunities for reactor technology, engineering services, legal/regulatory services and training services.

U.S. energy companies such as ExxonMobil, Chevron and Marathon are at the forefront of shale gas exploration activities in Poland. The exploration phase is expected to last another two years or so. Geology and local cost structure will strongly influence the feasibility of full field production. Industry sources are cautiously optimistic that shale gas may eventually make a substantial contribution to Poland's energy supply like it has in the United States.

Poland's membership in the EU offers access to billions of Euros in structural and cohesion funds to support infrastructure and environmental protection and remediation projects. From 2007 to 2015 Poland will be the EU's largest recipient of funding, receiving €67 billion (\$90 billion) in total from the EU's budget. Many infrastructure projects are underway to prepare for Poland's co-hosting of the European Cup Soccer Championships in 2012 with neighboring Ukraine. Extensive effort and investment is still required to upgrade and modernize Poland's transportation infrastructure. The country's airport network is in need of expansion and modernization. The expansion of airport terminals in Krakow, Poznan, Wroclaw and Gdansk are planned as well as modernization of taxiways, runways and construction of new aprons.

U.S. investors represent a wide range of industry sectors including automotive, aerospace, IT hardware and software, food products, transportation, pharmaceuticals, paper production, appliances and financial services. Poland has also emerged as a favorable location for business processing centers including call centers, back-office operations and research centers. U.S. companies such as IBM, 3M, McKinsey, Google, UTC, and Pittsburgh Glass Works all invested significantly in Poland in recent years creating thousands of new jobs.

CS Warsaw and the entire Embassy staff stand ready to assist U.S. firms in achieving success in the Polish market. We encourage you to contact us and explore the best way to partner together as you commence or expand your business activities here.

## Market Challenges

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Poland remains one of the EU's lesser developed countries with limited individual purchasing capacity and domestic consumption. However, GDP per head jumped from 50% to 56% of the EU average in 2009.

Poland has made some progress in reducing bureaucratic obstacles to business. Its ranking in the latest World Bank *Ease of Business Index* was number 70, down two spots (lower is better.) In the 2010 Transparency International *Corruption Perception Index*, Poland ranked 40<sup>th</sup> out of 178 countries (again lower is better.)

Although many projects are underway, Poland has made little progress in modernizing its road, railway, and air transportation network. Weak transportation infrastructure increases the cost of doing business for U.S. businesses by limiting ready access to all of the markets within Poland and diminishes the country's potential as a regional distribution hub.

## Market Opportunities

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While the U.S. share of Poland's import market remains small at approximately 3%, U.S. exporters have found considerable success targeting competitive niches, using effective market entry strategies and diligently following up with marketing and sales support. Sectors which offer particularly strong sales opportunities include power generation, environmental technologies including renewable energies, defense equipment, medical equipment, IT products and services, and automotive after-market products. Assuming Poland's shale gas deposits transition into a production phase, this will produce a dramatic increase in the need for gas drilling rigs, gas field equipment, and services. Much of the country's road, rail, airport infrastructure, and tourism and athletic facilities need building or improvement, in preparation for the European Cup Soccer Championships in 2012.

With a talented labor force, wage rates among the lowest in the EU, excellent regional location and a sizeable market, Poland will continue to attract substantial new private investment for years to come. Due to the high education levels and language aptitude of its people, Poland has also emerged as a leading regional hub for business processing centers, including call centers, back-office hubs and tech and research centers. Incentives will continue to be offered at the national, municipal, and EU levels to stimulate inbound investment.

## Market Entry Strategy

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The Polish market is characterized by wide population dispersion with 25% living in rural areas and urban dwellers spread among a number of population centers including Warsaw and Lodz in the center of the country, Krakow in the south, Wroclaw and Poznan in the west, Gdansk and Szczecin in the north and Lublin in the southeast.

Urban consumers generally have greater purchasing power than their rural counterparts. Personal contact with the customer is critical and final purchasing decisions typically

require a face-to-face meeting. Success in this market typically requires an in-country presence such as an agent, distributor or representative office.

Communication in Polish is recommended in order to elicit prompt responses to offers and inquiries and to facilitate negotiations. Poland's communication network is relatively well developed and email communications and website offerings are an increasingly effective means of reaching local buyers.

Pricing remains the most critical factor in positioning a product or service for sale in Poland. Access to capital is difficult for most Polish firms and business transactions are typically self-financed. U.S. firms that can arrange financing will have a competitive edge. The effects of the global financial crisis have underlined the need for U.S. exporters to develop a creative strategy for financing exports. In addition, currency fluctuations may continue in 2011, challenging even the most well-planned export strategy. Careful crafting of terms of sale including creative packaging of currency and pricing terms, will help the U.S. exporter gain long term advantage in the current Polish market.

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, follow the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/2875.htm>

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## Chapter 3: Selling U.S. Products and Services

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### Using an Agent or Distributor

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Polish trading partners most often serve their U.S. counterparts as distributors. They import goods, clearing them through customs and then offering the goods on the local market. Their network of contacts in the industry is highly leveraged when offering products on the market. One of the most common tools for distributors to use is the internet, where goods are advertised and, increasingly, also sold through e-commerce.

Signing an agent agreement with a Polish entity allows the agent to act as a representative for the foreign company in Poland. Agents have the authority to manage the company's activities in the country and often also act as distributors. There are no local laws imposing rules specifically for Polish importers. Distributor and agent agreements may take any form mutually beneficial to the parties involved.

It is best to select a distributor (or agent) who is experienced, knowledgeable, and well-connected to existing distribution channels for the product. Polish companies tend to be less experienced than their western counterparts. In most cases, product and marketing training must be provided to new distributors.

A good starting point for finding a distributor or an agent is to review websites of local companies. One good resource in Poland is the Kompas database (<http://www.kompas.com>), with information on a large number of local businesses. Visiting a trade show in Poland is also a good occasion to review local businesses and meet with potential partners. Catalogs of trade events usually include a brief description of each exhibitor.

Of course, we highly recommend utilizing CS services, such as the International Partner Search (IPS) and/or our signature Gold Key Service (GKS) if you are inexperienced in the market. Our trade specialists have deep and broad knowledge of many market sectors and can help save time and money conducting due diligence for you or finding and screening (International Company Profile) potential distributors or agents.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance.

Companies wishing to use distribution, franchising and agency arrangements need to ensure that the agreements they put into place are in accordance with European Union (EU) and Member State national laws. Council Directive 86/653/EEC establishes certain minimum standards of protection for self-employed commercial agents who sell or purchase goods on behalf of their principals. In essence, the Directive establishes the rights and obligations of the principal and its agents; the agent's remuneration; and the conclusion and termination of an agency contract, including the notice to be given and indemnity or compensation to be paid to the agent.

U.S. companies should be particularly aware that the Directive states that parties may not derogate certain requirements. Accordingly, the inclusion of a clause specifying an alternate body of law to be applied in the event of a dispute will likely be ruled invalid by European courts.

Key Link:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>.

The European Commission's Directorate General for Competition enforces legislation concerned with the effects on competition in the internal market of "vertical agreements." U.S. small- and medium-sized companies (SMEs) are exempt from these regulations because their agreements would likely qualify as "agreements of minor importance," meaning they are considered incapable of affecting competition at the EU level but useful for cooperation between SMEs. Generally speaking, companies with fewer than 250 employees and an annual turnover of less than €50 million are considered small- and medium-sized undertakings. The EU has additionally indicated that agreements that affect less than 10 percent of a particular market are generally exempted as well (Commission Notice 2001/C 368/07).

Key Link:

[http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c\\_368/c\\_36820011222en00130015.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf).

The EU also looks to combat payment delays with Directive 2000/35/EC. This covers all commercial transactions within the EU, whether in the public or private sector, primarily dealing with the consequences of late payment. Transactions with consumers, however, do not fall within the scope of this Directive. In sum, the Directive entitles a seller who does not receive payment for goods/services within 30-60 days of the payment deadline to collect interest (at a rate of 7 percent above the European Central Bank rate) as compensation. The seller may also retain the title to goods until payment is completed and may claim full compensation for all recovery costs. The current legislation is undergoing review.

Key Link: [http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index_en.htm)

Companies' agents and distributors can take advantage of the European Ombudsman when victim of inefficient management by an EU institution or body. Complaints can be made to the European Ombudsman only by businesses and other bodies with registered offices in the EU. The Ombudsman can act upon these complaints by investigating cases in which EU institutions fail to act in accordance with the law, fail to respect the principles of good administration, or violate fundamental rights.

Key Link: <http://www.ombudsman.europa.eu/home/en/default.htm>

## **Establishing an Office**

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The type of business entity that U.S. companies choose to establish is often determined by the scope of activities the company plans to undertake in Poland. If a U.S. company plans to sell its products and services in Poland exclusively through its own office, it usually establishes a representative office. If a U.S. company plans to invest in Poland, there are different legal forms available to carry out business activity. Investors can choose the most suitable one from the following options for their business presence in Poland:

(1) Limited Partnership

<http://www.paiz.gov.pl/index/?id=ccb421d5f36c5a412816d494b15ca9f6>

(2) Limited Joint-Stock Partnership

<http://www.paiz.gov.pl/index/?id=7ec12aa91918c9b6e577c1ae18a0a34b>

(3) Limited Liability Companies (Sp. z o.o.)

<http://www.paiz.gov.pl/index/?id=27584e8cefb0a67a8d1684d55a2a16a>

(4) Joint Stock Companies (S.A.)

<http://www.paiz.gov.pl/index/?id=148d411aeffd8a6f6ad4ecd77d1f904>

(5) Representative Office

<http://www.paiz.gov.pl/index/?id=7d62a275027741d98073d42b8f735c68>

(6) Branch Office

<http://www.paiz.gov.pl/index/?id=8d8f733a7c2a2ea60df6439a28a2b9a3>

Detailed information on forms of doing business in Poland can be found at:

<http://www.paiz.gov.pl/index/?id=887a185b1a4080193d5cf63873ac6d70>

Or

[http://www.kpmg.pl/dbfetch/52616e646f6d49560c8990e828d1492434b84574d0d84b24872868a1d8edd284/investment\\_in\\_poland\\_on-line\\_\\_a5\\_06.11.07.pdf](http://www.kpmg.pl/dbfetch/52616e646f6d49560c8990e828d1492434b84574d0d84b24872868a1d8edd284/investment_in_poland_on-line__a5_06.11.07.pdf)

Modern office equipment like telephones, copy machines, faxes, computers and office amenities are easily available and can be leased from a number of reputable Polish and western firms. The secretarial labor pool is reasonably abundant and English-speaking

secretaries with good secretarial skills are relatively easy to find as are employees with western management and accounting experience. Many executive search firms exist in Poland that offer assistance in finding appropriate staff.

## Franchising

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Poland is considered a mature franchise market. The growth of the franchise sector is projected at a rate of approximately 15-20% annually over the next several years.

According to the franchising expert, PROFIT system, at the beginning of 2010 there were over 565 franchise networks in Poland, (an increase of 16% over 2009) including 410 local franchise systems with nearly 155 foreign owned. PROFIT system forecasts more than 640 franchise operations in the Polish market by January 1, 2011. This target includes a growth of approximately 75 new franchise systems. The Polish franchise market has been consistently growing. In 2009 the market grew by 5.5 thousand new franchise units, registering the largest jump in units in Polish franchise history. At the beginning of 2010, over 32,000 franchise units were in operation (a 20% annual growth). Experts estimate that in 2010 the number of franchise units will increase by 5,000 reaching 37,000 units. The Polish franchise market is growing fastest within the retail sector and secondarily in the service sector. In 2009, Poles willingly invested in grocery stores, consumer electronics and home appliance stores as well as telecom stores. Within the services sector, the most popular new franchises included gastronomy, hairstylists, beauty care salons, education and laundries. The average investment amounted to USD 95,000, however the most popular are franchises valued at less than USD 32,000. This price is enough to invest in a small retail or services outlet. The most expensive investments involve supermarkets and petrol stations at a cost of over USD 2 million. The average income in a franchise unit was USD 54,000.

About 155 foreign franchise systems from 19 countries operate in Poland. The majority of foreign franchise systems come from France (17%), the U.S. and Germany (15% each), Italy (14%), Great Britain (8%), Spain and the Netherlands (5% each), among others (20%). These franchises represented the following sectors: apparel (30%), gastronomy (14%), beauty (10%), business services (7%), car services (7%), education (6%), other fast moving consumer goods –FMCG –and health (5%), household appliances (4%), and others (20%).

Popular U.S. franchises were the first to arrive and helped to introduce the concept in Poland. McDonald's, the first franchiser to Poland, establishing its first operation in Poland in 1992 and has become the most popular fast-food chain. Other exemplary U.S. franchise networks operating in Poland are Pizza Hut, Kentucky Fried Chicken (KFC), Burger King, Starbucks, Kodak Express, T.G.I. Friday, Subway, Levi's, MBE Etc., RE/MAX, and Best Western. The latest U.S. franchise systems that have entered the Polish market are Crestcom and Curves.

Local Polish franchise firms began operating in 1991-1992, simultaneously with large western franchisers entering the Polish market. Currently 72% of franchise brands are of Polish origin and 12% of them are expanding abroad. Polish franchises developing abroad represent mainly apparel, footwear and accessories, and the food and cosmetic retail sectors.

U.S. franchisors must be prepared to adapt to required market norms and standards, invest in market research, test market receptivity through pilot projects, and to adjust their concepts to Polish business practices and consumer tastes. U.S. firms should also be willing to provide continuing support to their master/area franchisees by advertising in local business oriented magazines or other appropriate advertising vehicles.

There are no special legal requirements for franchises in Poland. A franchise agreement is regulated by the general provisions of the Polish Civil Code and is affected by competition law, intellectual property regulations, consumer protection and tax law. Sub-franchising is permitted and is not restricted in any way. Poland and the U.S. have signed an agreement of avoidance of double taxation. The franchise fee is subject to a 23% VAT and 19% CIT (on the difference between franchising income and tax-deductible expenses).

## **Direct Marketing**

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Direct marketing (DM) has been utilized in Poland for over 20 years and is an accepted business practice in Poland, as in other EU countries. The DM market is growing by approximately 10% annually in Poland. Polish consumers are accustomed to purchasing via catalog and have become more receptive to shopping on Internet platforms. More than 70% of Polish enterprises use direct marketing to sell their products and services. Popular DM forms utilized in Poland are: direct mail (products available in catalogs and internet), telemarketing, direct sales, TV marketing, and internet marketing.

There are no Polish laws or regulations that specifically address DM. In general, Polish law is compatible to legal regulations applied to DM activities throughout the EU. For companies operating in the DM sector, laws to consider include the Law of Personal Data Protection (introduced in August 29, 1997) and the Law of Protection of Consumer Rights, especially regulations referring to "distance sales" (introduced in March 2, 2000). Polish protection of personal data is very rigorous, although recent interpretations in court have been less strict.

The SMB Direct Marketing Association (<http://www.smb.pl>), established in 1995, has been actively involved in introducing regulations and principles for DM in Poland. SMB promotes the development of direct marketing according to existing law and professional ethics. SMB also participates in legislative procedures on legal acts concerning direct marketing.

There is a wide range of EU legislation that impacts the direct marketing sector. Compliance requirements are stiffest for marketing and sales to private consumers. Companies need to focus, in particular, on the clarity and completeness of the information they provide to consumers prior to purchase, and on their approaches to collecting and using customer data. The following gives a brief overview of the most important provisions flowing from EU-wide rules on distance selling and on-line commerce. It is worth noting that the EU is currently overhauling its consumer protection legislation. Companies are advised to consult the information available via the hyperlinks, to check the relevant sections of national Country Commercial Guides, and to contact the Commercial Service at the U.S. Mission to the European Union for more specific guidance.

## Processing Customer Data

The EU has strict laws governing the protection of personal data, including the use of such data in the context of direct marketing activities. For more information on these rules, please follow the link under Web Resources in the section entitled [EU Data Protection Homepage](#).

## Distance Selling Rules

### Distance and Door-to-Door sales

The EU's Directive on distance selling to consumers (97/7/EC and amendments) sets out a number of obligations for companies doing business at a distance with consumers. It can read like a set of onerous "do's" and "don'ts," but in many ways it represents nothing more than a customer relations good practice guide with legal effect. Direct marketers must provide clear information on the identity of themselves as well as their supplier, full details on prices including delivery costs, and the period for which an offer remains valid – all of this, of course, before a contract is concluded. Customers generally have the right to return goods without any required explanation within seven days, and retain the right to compensation for faulty goods thereafter. Similar in nature is the Doorstep Directive (85/577/EEC) which is designed to protect consumers from sales occurring outside of a normal business premises (e.g., door-to-door sales) and essentially assure the fairness of resulting contracts.

Key Link: [http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/index_en.htm)

### Distance Selling of Financial Services

Financial services are subject to a separate Directive that came into force in June 2002 (2002/65/EC). This piece of legislation amends three prior existing Directives and is designed to ensure that consumers are appropriately protected in respect to financial transactions taking place where the consumer and the provider are not face-to-face. In addition to prohibiting certain abusive marketing practices, the Directive establishes criteria for the presentation of contract information. Given the special nature of financial markets, specifics are also laid out for contractual withdrawal.

Key Link: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

## Direct Marketing over the Internet

The e-commerce Directive (2000/31/EC) imposes certain specific requirements connected to the direct marketing business. Promotional offers must not mislead customers and the terms that must be met to qualify for them have to be easily accessible and clear. The Directive stipulates that marketing e-mails must be identified as such to the recipient and requires that companies targeting customers on-line must regularly consult national opt-out registers where they exist. When an order is placed, the service provider must acknowledge receipt quickly and by electronic means, although the Directive does not attribute any legal effect to the placing of an order or its acknowledgment. This is a matter for national law. Vendors of electronically supplied



services (such as software, which the EU considers a service and not a good) must also collect value added tax (see Electronic Commerce section below).

Key Link: [http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

## **Joint Ventures/Licensing**

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Joint ventures as a form of business are frequently utilized in Poland. Many U.S. businesses in Poland are established as joint ventures, with the Polish partner company holding responsibility for sales in the marketplace. Joint ventures are an excellent way to facilitate export sales to the Polish market.

Most joint ventures are established with the American partner contributing needed capital and technology. The Polish partner typically contributes land, distribution channels, trained workers, access to the Polish market and introductions within the local government and business community that could take years to develop for an American company on its own. Increasingly, American firms participating in joint ventures are asked to provide marketing, training, and promotional support for their Polish partners.

The licensing of products, technology, technical data, and services has been less common in Poland, due to concerns about intellectual property protection. Now that, as a member of the EU, Poland has taken major steps in the areas of intellectual property rights and copyright legislation, more U.S. firms are expected to license their products here. Licensing is particularly prevalent in the industrial manufacturing and consumer goods sectors.

## **Selling to the Government**

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Information on the Office of Public Procurement, public procurement regulations and public tenders is available via the internet:

<http://www.uzp.gov.pl/cmsws/page/?F;356>

<http://www.paiz.gov.pl/index/?id=46072631582fc240dd2674a7d063b040>

Procurements by the Ministry of Defense are held by the Armed Forces Procurement Department. Comprehensive information about military procurement laws and regulations are provided on the Ministry of Defense website:

<http://www.dostawy.wp.mil.pl/?menu=7>

Unlimited tendering is the preferred method. Participation in tenders is open to all those who are legally, technically, and financially able to perform the contract (including foreign companies).

The U.S. Commercial Service strongly urges U.S. firms bidding on Polish government tenders to utilize the Department of Commerce's advocacy and counseling services to avoid common pitfalls in this complex process.

<http://www.export.gov/advocacy/>

The EU public procurement market, including EU institutions and member states, totals around EUR 1,600 billion. This market is regulated by three Directives:



- Directive 2004/18 on Coordination of Procedures for the Award of Public Works, Services and Supplies Contracts, and
- Directive 2004/17 on Coordination of Procedures of Entities Operating in the Utilities Sector, which covers the following sectors: water, energy, transport and postal services.
- Directive 2009/81 on Coordination of Procedures for the Award of Certain Works, Supply and Service Contracts by contracting authorities in the fields of defense and security (to be implemented in national laws of EU member states by August-2011).

Remedies directives cover legal means for companies who face discriminatory public procurement practices. These directives are implemented in the national procurement legislation of the 27 EU member states.

The U.S. and the EU are signatories of the World Trade Organization's (WTO) Government Procurement Agreement (GPA), which grants access to most public supplies and services and some work contracts published by national procurement authorities of the countries that are parties to the Agreement. In practice, this means that U.S.-based companies are eligible to bid on supplies and services contracts from European public contracting authorities above the agreed thresholds.

However, there are restrictions for U.S. suppliers in the EU utilities sector both in the EU Utilities Directive and in the EU coverage of the GPA. The Utilities Directive allows EU contracting authorities in these sectors to either reject non-EU bids where the proportion of goods originating in non-EU countries exceeds 50% of the total value of the goods constituting the tender, or is entitled to apply a 3% price difference to non-EU bids in order to give preference to the EU bid. These restrictions are applied when no reciprocal access for EU companies in the U.S. market is offered. Those restrictions, however, were waived for the electricity sector.

For more information, please visit the U.S. Commercial Service at the U.S. Mission to the European Union website dedicated to EU public procurement. This site also has a database of all European public procurement tenders that are open to U.S.-based firms by virtue of the Government Procurement Agreement. Access is free of charge.

Key Link: [http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html).

## **Distribution and Sales Channels**

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### **The Regional Nature of the Market and Review of Major Regions**

Opportunities for doing business in Poland are, like the population, dispersed throughout the country. Twenty-five percent of the population resides in rural areas; urban dwellers are widely spread among a number of population centers.

Poland's largest cities and their respective population are:

Warsaw	1,711,000
Kraków	751,000
Łódź	774,000
Wrocław	632,000
Poznań	554,000
Gdańsk	460,000
Szczecin	406,000
Bydgoszcz	357,000
Lublin	349,000

### Industrial Goods Distribution

Imports of equipment and technology have remained steady as Polish industry modernizes and restructures to compete with the West. Poles are familiar with the technical parameters of U.S. products, even prior to the actual introduction of those products in the marketplace. This reflects the fact that serious Polish importers do their homework.

Industrial distributors may, therefore, be part of a network that developed from former foreign trade organizations (i.e. organizations that handled imports during the Communist period), or may be individuals with significant connections to their industry (frequently former employees of the large foreign trade firms). As industries and companies continue to privatize in Poland, distribution networks are expected to expand in scope and complexity.

Many distributors of industrial equipment are specialized and have very specific technical expertise. Because of this, some are better able to represent foreign manufacturers on a national level than most consumer goods distributors. However, exporters should be aware that large industrial enterprises would rather have direct contact with manufacturers when purchasing heavy machinery.

As with the consumer goods sector, importers and other companies that represent foreign companies are becoming more sophisticated and selective. The number and variety of imported goods available on the Polish market play an important role here as well. Polish agents or distributors increasingly look to foreign partners to provide marketing and promotional support, training and financing. Polish trade fairs, which have become increasingly specific in scope, are a good place to look for possible distributors.

It is advisable to consider having one exclusive distributor. Potential channel partners in this sector tend to prefer exclusive arrangements because often they bear the marketing costs of new products and do not want potential competitors to reap the benefits of their promotional activities.

### **Selling Factors/Techniques**

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As said, the Polish market is in most cases regional, and this description applies to selling as well. Because unemployment is significantly lower in Polish cities, urban dwellers generally have more purchasing power than inhabitants of rural areas. The

countryside is dotted with single-factory towns, many of which currently suffer from high unemployment.

Letters, faxes, Internet websites and packages of product literature will serve to introduce a product or service to a Polish company. Communication in Polish is recommended if the seller would like to receive a speedy reply. U.S. companies should ensure that translations from English into Polish are performed only by proficient translators who are fluent in modern business Polish and grammar.

An average Polish customer no longer requires face-to-face contact with a person selling a product. The role of the Internet in securing business contacts is growing and can now be considered a valuable selling tool. Over 17 million Internet users in Poland constitute approximately 46% of population. Approximately 40% use e-commerce to shop for products or services regularly. Over 98% of Polish companies have access to the Internet and many of them have begun to conduct business through this venue.

American companies that are little known outside of the U.S. may need to make a significant effort (often marketing, training, or other promotional activities) to convince the prospective Polish customer of their credibility. Product demonstrations are effective, as Poles tend to be skeptical about claims until they are proven. Sponsored visits to the U.S. company headquarters or manufacturing plant frequently help to convince Polish buyers to purchase a U.S. product.

The decision-making process, especially in large companies or government agencies, can be painfully slow, as every person or section involved in a decision usually must sign off before a decision is made. It usually takes several meetings and many rounds of negotiations before a deal is closed. This means that success in Poland is difficult without an in-country presence, whether that presence is an agent, distributor, or representative office.

Polish customers will want to discuss the technical parameters of the product, explain their needs, and negotiate the price. In addition, the product may not be sold at the first meeting, as the customer will want some time to consider the points discussed and to arrange financing. Initial orders are frequently small due to Poles' access to limited amounts of working capital and high rates of interest on credit. Follow-on sales often grow rapidly once effectiveness and profitability are established.

American exporters should be aware of the Polish customer's main problem: access to capital. Most Polish firms are still too small to consider going public or to issue commercial paper. Therefore, most business activities, including payment for imports, are still self-financed. American companies that can arrange for affordable financing for their Polish customers will have an edge over their competitors. The U.S. Export-Import Bank (Ex-Im Bank) offers a credit insurance program that can help small and medium sized U.S. firms in this regard.

If a prospective customer shows continued effort and interest in dialogue, the potential for a sale is good, even if the time leading up to the conclusion of a contract seems long by U.S. standards. If the proposal is well thought out, the pricing is flexible (or assistance with financing is offered) and promotion, servicing and customer support are part of the package, chances are good that a sale will ultimately be completed. Doing business in Poland is built upon personal relationships and trust. U.S. companies have

an advantage in Poland, as the U.S., its people and products are generally held in high regard.

## **Electronic Commerce**

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There are no significant barriers to electronic commerce activities in Poland, although American companies should consider the strict requirements of the personal data protection regulations and tax issues which match those of other European Union countries. In January 2011 Polish fiscal authorities finally decided to fully recognize e-invoices, waving the requirement that companies maintain hard copies. This is expected to greatly increase the use of the internet and facilitate the development of electronic commerce.

Even though electronic commerce in Poland has been growing both rapidly and steadily over the last decade, it still is early stages of development. The total value of online sales to consumers through e-shops and auction sites has reached over \$5 billion in 2010, an 18% growth over the previous year. E-commerce sales currently constitute only 3 percent of the entire retail turnover in the country. For a variety of reasons, including the language barrier and some limitations set by foreign auction and e-commerce sites, the majority of online shopping is done locally in Poland.

The most popular products for e-commerce consumer transactions are airlines tickets, tourist services, consumer electronics, cosmetics, clothes, books, and house and garden equipment. In large cities, ordering groceries online has become popular among the mid and higher income population. In general, Poles prefer auction services over e-shopping, so almost half of the e-shops channel their sales also through auction websites. Allegro continues to be the most popular auction site in Poland. Recently, there has been a growth of transactions done by users of social portals.

In the beginning of 2010, there were some 7,500 thousand online stores with the count increasing to almost 10,000 by the end of the year. The majority of online shops complement the traditional brick and mortar operations.

E-commerce development is facilitated by easy access to the Internet at affordable prices, common usage of banking accounts and credit cards, and, in general, familiarity with Internet technologies. Over the past 4 years, the value of transactions paid by credit cards has increased four-fold with every fifth client using online banking services.

At the end of 2010, Poland counted two million of internet addresses with the .pl suffix, nearly half a million more than the year before. In addition to websites in the .pl domain, Polish companies increasingly register their website under .eu or .com. Even though almost all companies have Internet access, less than 2/3 of SMEs maintain their websites. The majority of their websites contain only basic information and only 7% allow for ordering products online.

Approximately 61 percent of Polish homes have a computer, and 86.1 percent of them have internet access, although only half of the Poles surveyed use the Internet regularly. Approximately 40% of Internet users conduct online transactions and 17% of them use Internet banking services. The use of the Internet is also enhanced by the tremendous popularity of social networking sites. The most popular sites in Poland are Nasza Klasa and Facebook.

With funding support from the EU, the Polish government and regional authorities continue to invest in broadband internet development projects in the five provinces in Eastern Poland which currently have the lowest internet access and weakest infrastructure. Once these projects are completed by the end of 2010, the \$350 million spent on the projects should greatly facilitate e-commerce development in these regions. The public administration also continues to work on new services available through its electronic platform which was launched in 2008. Total public expenditure in Poland on digitalization and e-services fluctuate around 1% of GDP.

In July 2003, the EU started applying Value Added Tax (VAT) to sales by non-EU based companies of Electronically Supplied Services (ESS) to EU based non-business customers. U.S. companies that are covered by the rule must collect and submit VAT to EU tax authorities. European Council Directive 2002/38/EC further developed the EU rules for charging Value Added Tax. These rules were indefinitely extended following adoption of Directive 2008/8/EC.

U.S. businesses mainly affected by the 2003 rule change are those that are U.S. based and selling ESS to EU based, non-business customers or those businesses that are EU based and selling ESS to customers outside the EU who no longer need to charge VAT on these transactions. There are a number of compliance options for such businesses. The Directive created a special scheme that simplifies the registration process with each member state. The Directive allows companies to register with a single VAT authority of their choice. Companies are obliged to charge different rates of VAT according to where their customers are based, but VAT reports and returns are submitted to just one authority. The VAT authority responsible for providing the single point of registration service is then responsible for reallocating the collected revenue among the other EU VAT authorities.

Key Link: [http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

## **Trade Promotion and Advertising**

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### **General Legislation**

Laws against misleading advertisements differ widely from member state to member state within the EU. To respond to this imperfection in the Internal Market, the Commission adopted a Directive, in force since October 1986, to establish minimum and objective criteria regarding truth in advertising. The Directive was amended in October 1997 to include comparative advertising. Under the Directive, misleading advertising is defined as any "advertising which in any way, including its presentation, deceives or is likely to deceive the persons to whom it is addressed or whom it reaches and which, by reason of its deceptive nature, is likely to affect their economic behavior or which for those reasons, injures or is likely to injure a competitor." member states can authorize even more extensive protection under their national laws.

Comparative advertising, subject to certain conditions, is defined as "advertising which explicitly or by implication identifies a competitor or goods or services by a competitor." member states can, and in some cases have, restricted misleading or comparative advertising.

The EU's Audiovisual Media Services Directive lays down legislation on broadcasting activities allowed within the EU. Since 2009, the rules allow for U.S.-style product placement on television and the three-hour/day maximum of advertising will be lifted. However, a 12-minute/hour maximum will remain. Child programming will be subject to a code of conduct that will include a limit of junk food advertising to children.

Following the adoption of the 1999 Council Directive on the Sale of Consumer Goods and Associated Guarantees, product specifications, as laid down in advertising, are now considered as legally binding on the seller. (For additional information on Council Directive 1999/44/EC on the Sale of Consumer Goods and Associated Guarantees, see the legal warranties and after-sales service section below.)

The EU adopted Directive 2005/29/EC concerning fair business practices in a further attempt to tighten up consumer protection rules. These rules outlaw several aggressive or deceptive marketing practices such as pyramid schemes, "liquidation sales" when a shop is not closing down, and artificially high prices as the basis for discounts in addition to other potentially misleading advertising practices. Certain rules on advertising to children are also set out.

Key Link:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bus_pract/index_en.htm)  
[http://ec.europa.eu/avpolicy/reg/avms/index\\_en.htm](http://ec.europa.eu/avpolicy/reg/avms/index_en.htm)

## Medicine

The advertising of medicinal products for human use is regulated by Council Directive 2001/83/EC as amended by [Directive 2004/27/EC](#). Generally speaking, the advertising of medicinal products is forbidden if market authorization has not yet been granted or if the product in question is a prescription drug. Mentioning therapeutic indications where self-medication is not suitable is not permitted, nor is the distribution of free samples to the general public. The text of the advertisement should be compatible with the characteristics listed on the product label, and should encourage rational use of the product. The advertising of medicinal products destined for professionals should contain essential characteristics of the product as well as its classification. Inducements to prescribe or supply a particular medicinal product are prohibited and the supply of free samples is restricted.

The Commission presented a new framework for information to patients on medicines in 2008. The framework which is still being debated would allow industry to produce non-promotional information about their medicines while complying with strictly defined rules and would be subject to an effective system of control and quality assurance.

Key Link:

[http://ec.europa.eu/health/human-use/information-to-patient/index\\_en.htm](http://ec.europa.eu/health/human-use/information-to-patient/index_en.htm)

## Nutrition & Health Claims

On July 1, 2007, a regulation on nutrition and health claims entered into force. [Regulation 1924/2006](#) sets EU-wide conditions for the use of nutrition claims such as "low fat" or "high in vitamin C" and health claims such as "helps lower cholesterol". The

regulation applies to any food or drink product produced for human consumption that is marketed on the EU market. Only foods that fit a certain nutrient profile (below certain salt, sugar and/or fat levels) will be allowed to carry claims. Nutrition and health claims will only be allowed on food labels if they are included in one of the EU positive lists. Food products carrying claims must comply with the provisions of the [nutritional labeling directive 90/496/EC](#) and its amended version to come into effect in 2011.

The development of nutrient profiles, originally scheduled for January 2009, has been delayed. Nutrition claims can fail, however, on any *single* criterion, i.e. if only one nutrient (salt, sugar or fat) exceeds the limit of the profile, a claim can still be made provided the high level of that particular nutrient is clearly marked on the label. For example, a yogurt can make a low-fat claim even if it has high sugar content but only if the label clearly states “high sugar content”. A European Union [Register of nutrition claims](#) has been established and is updated regularly. Health claims cannot fail any criteria.

As of November 2010, EFSA had published 200 opinions providing scientific advice on more than 1,700 “general function” health claims. EFSA expects to complete the evaluation of the general function health claims prioritized by the Commission by the end of June 2011.

A simplified authorization procedure has been established for health claims based on new scientific data. A guidance document on how companies can apply for health claim authorizations can be downloaded from EFSA’s website at:

Key Link: [http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa\\_locale-1178620753812\\_1178684448831.htm](http://www.efsa.europa.eu/EFSA/ScientificPanels/NDA/efsa_locale-1178620753812_1178684448831.htm).

## Food Supplements

Regulation 1925/2006, applicable as of July 1, 2007, harmonizes rules on the addition of vitamins and minerals to foods. The regulation lists the vitamins and minerals that may be added to foods. This list was most recently [revised in November 2009](#). A positive list of substances other than vitamins and minerals has not been established yet, although it is being developed. Until then, member state laws will govern the use of these substances.

Key Link: [http://ec.europa.eu/food/food/labellingnutrition/supplements/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/supplements/index_en.htm).

## Tobacco

The EU Tobacco Advertising Directive bans tobacco advertising in printed media, radio, and internet as well as the sponsorship of cross-border events or activities. Advertising in cinemas and on billboards or merchandising is allowed, though these are banned in many member states. Tobacco advertising on television has been banned in the EU since the early 1990s and is governed by the TV without Frontiers Directive. The EU plans to revise the Tobacco Products Directive in 2012 with possible changes could include bigger, double-sided health pictorial warnings on cigarette packages and plain packaging.

Key link: [http://ec.europa.eu/health/tobacco/law/advertising/index\\_en.htm](http://ec.europa.eu/health/tobacco/law/advertising/index_en.htm).



## Local Market Specifics

Trade fair activities in Poland grew rapidly at the beginning of the last decade, from a single major event (the annual June Poznan International Fair) to a full year's schedule of industry and product specific events in major cities around the country. For information on upcoming trade events please see Chapter 9: Trade Events. Some fairs are still proving their worth while others have lost popularity in recent years and are no longer attracting key Polish and international businesses. Direct U.S. company presence at trade fairs in Poland is minimal, but some U.S. firms exhibit through their European or Polish distributors. U.S. firms exhibiting in larger Western European trade fairs, particularly those in the Commercial Service's Showcase Europe program, will encounter Polish buyers at those events. The U.S. Commercial Service in Warsaw can help you find distributors interested in representing U.S. products at Polish fairs. Advertising in Poland is considered important, not only in the consumer product field, but also in developing a company image for all types of goods. Television, which reaches virtually every home in Poland via local channels or satellite, is believed to be the most effective advertising medium in Poland. Products advertised through television commercials show the greatest sales growth among all advertised products. The bulk of advertising revenues go to television. The price of television spots on top rated shows has grown dramatically in the last few years as demand has soared. Radio is another means of advertising with more than 200 local radio stations as well as five national networks in operation: (Polskie Radio SA, Polskie Radio SA Program 2, Polskie Radio SA Program 3, RMF FM, and Radio ZET).

There is a ban on cigarette and alcohol (including beer and wine) advertising for broadcasters and on alcohol ads for display and print media. There is also a ban on pharmaceutical advertising, except for over-the-counter (OTC) drugs and in professional publications.

Print media advertising is sophisticated and the print media market itself has grown to include a full range of publications. Major newspapers circulate throughout Poland and reach every corner of the country. In addition, special interest magazines, business journals, niche publications, and specialized newspapers have proliferated. Newsweek Polska, a division of Newsweek, will celebrate its 10th anniversary this year (2011) and the Polish edition of Forbes magazine, which was launched in January 2005, will celebrate its 6th anniversary this year. Classified advertising is very well developed and effective. Most U.S. companies find print media to be a highly effective means of reaching customers and candidates for jobs.

Major daily newspapers include Rzeczpospolita, Gazeta Wyborcza, Super Express, Fakt, Dziennik Polska, Nasz Dziennik, and Polska The Times. Major daily business journals include Gazeta Prawna, Parkiet-Gazeta Gieldy, Puls Biznesu, and Financial Times. The Polish edition of Business Week is published on a biweekly basis. There are also two English language weeklies that cater mainly to foreigners in Poland, the Warsaw Business Journal and the Warsaw Voice. Major international, as well as local, advertising and public relations agencies abound in Poland. For contact information on these journals and firms please contact the U.S. Commercial Service in Warsaw at [Warsaw.Office.Box@trade.gov](mailto:Warsaw.Office.Box@trade.gov), at telephone number (48) 22 625-4374 or fax number (48) 22 621-6327.



The importance of pricing in Poland cannot be understated. Pricing is the key to successfully selling U.S. products and services in Poland. Working capital is limited in Poland, even among the larger, more successful Polish companies. Polish businesses generally spend money wisely, after thoughtful and sometimes lengthy consideration. The most commonly expressed reason for failed sales efforts according to potential Polish clients continues to be that “the price is too high.” The risks surrounding an unstable exchange rate between the dollar versus the Polish zloty makes pricing especially difficult. Typically U.S. manufactured goods are compared to similar European-made goods and the lowest cost item wins the day.

Establishing the price of U.S. made products is further complicated by the addition of customs duties, Value Added Tax (VAT), and, in some cases, excise taxes, which may elevate the final retail price of a product dramatically. Flexibility in pricing is important, and the initial market penetration to gain product awareness among Polish consumers should be the goal. Successful U.S. exporters work together with their Polish representatives to keep costs, particularly import costs, as low as possible. For example, some companies ship products unassembled to help reduce import duties. Poland's accession to the EU has given the price advantage to European producers. U.S. made goods are burdened with customs duties, while products imported from EU countries are not. To level the difference, some American businesses have opened distribution and/or manufacturing facilities in Europe.

The Polish market is large and expanding for all types of products, but is also increasingly competitive. U.S. companies that approach the market with a long-term view of creating market share for their products will reap the rewards.

**Sales Service/Customer Support**[Return to top](#)

After price, service is the second greatest concern for Polish customers. A manufacturer in the United States is seen by the Polish distributor and customer alike as being far removed from products exported to Poland. A potential customer may shy away from U.S. products over concerns that distance will lead to ineffective servicing if the product requires repair or maintenance.

Polish customers may walk away rather than purchase a product if they are required to ship it back to the United States for repair or service - even if the U.S. company pays for the shipment. Sending spare parts to Poland is easy to do. Some firms provide service for their exports to Poland through European representatives or firms licensed to repair their products. Even then, some distributors worry that they may not get adequate support.

Ideally, customer service and support should be provided through a trained Polish representative or U.S. affiliate company. The local technical support teams can be considered a part of the U.S. company's image in the Polish market. Effective, fast and reliable service contributes greatly to the U.S. manufacturer's success in Poland. The opposite can also be said about service. Therefore U.S. manufacturers should be ready to provide full assistance to their service personnel in Poland.

U.S. manufacturers with major export accounts in Poland may wish to periodically send a service representative to Poland to work with the local representative and visit customers. As an EU member, Poland adheres to EU-wide business directives and requires local market compliance.

Conscious of the discrepancies among Member States in product labeling, language use, legal guarantee, and liability, the redress of which inevitably frustrates consumers in cross-border shopping, EU institutions have launched a number of initiatives aimed at harmonizing national legislation. Suppliers within and outside of the EU should be aware of existing and upcoming legislation affecting sales, service, and customer support.

### Product Liability

Under the 1985 Directive on liability of defective products, amended in 1999, the producer is liable for damage caused by a defect in his product. The victim must prove the existence of the defect and a causal link between defect and injury (bodily as well as material). A reduction of liability of the manufacturer is granted in cases of negligence on the part of the victim.

Key link:

<http://ec.europa.eu/enterprise/policies/single-market-goods/product-liability/>.

### Product Safety

The 1992 General Product Safety Directive introduced a safety requirement at the EU level to ensure that manufacturers only place safe products on the market. It was revised in 2001 to include an obligation to the producer and distributor to notify the Commission in case of a problem with a given product, provisions for its recall, the creation of a European Product Safety Network, including a ban on exports of products to third countries that are not deemed safe in the EU.

Key link: [http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

### Legal Warranties and After-Sales Service

Under the 1999 Directive on the Sale of Consumer Goods and Associated Guarantees, professional sellers are required to provide a minimum two-year warranty on all consumer goods sold to consumers (natural persons acting for purposes outside their trade, businesses or professions), as defined by the Directive. The remedies available to consumers in case of non-compliance are:

- Repair of the good(s);
- Replacement of the good(s);
- A price reduction; or
- Rescission of the sales contract.

Key link:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm).

Other issues pertaining to consumers' rights and protection, such as the New Approach Directives, CE marking, quality control and data protection are discussed in Chapter 5 of the Country Commercial Guide.

## Protecting Your Intellectual Property

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Polish legislation and regulations have been amended several times to bring them into full compliance with the WTO TRIPS Agreement and EU Directives. The Polish government also continues to review and amend other laws and regulations to reflect the development and use of new technologies. Even though piracy remains a problem, Poland has made great progress in this respect, which resulted in taking Poland off the USTR 301 Watch List in 2010.

The main organizations responsible for IPR and related issues in Poland are the Ministry of Culture and National Heritage (<http://www.mkidn.gov.pl/english/english.html>) and the Polish Patent Office (<http://uprp.gov.pl/English>).

Several general principles are important for the effective management of intellectual property ("IP") rights in the EU. First, it is important to have an overall strategy to protect IP. Second, IP is protected differently in the EU than in the U.S. Third, rights must be registered and enforced *in* the EU under local laws.

Specifically for copyright, all EU Member States are parties to the [Berne Convention for the Protection of Literary and Artistic Works](#), so EU copyright protection is automatic and no formal registration is necessary. Therefore, if a company has copyright protection in the US under the Berne Convention, that company will equally have protection in the EU-27. EU Member States are also party to the Berne Union, which allows them to offer more, but not less, protection than is required under the Berne Convention. Many EU Member States have therefore, created domestic registration systems that provide additional benefits to the copyright holder.

As for patents, the EU countries have a "first to file" approach to patent applications, as opposed to the U.S.'s "first to invent" system. This makes early filing a top priority for innovative companies in the EU. Unfortunately, in the EU it is not yet possible to file for a single patent that would be administered and enforced like those in the US. Since the EU does not yet have a harmonized patent law, inventors need to get protection in each of their target markets either by the European Patent Organisation (EPO) or national patent offices.

If a company wants to protect a trademark asset in the EU, it must register the trademark with an individual Member State or with the EU in the form of a Community Trade Mark (CTM). Registration is especially important in the EU because, unlike in the US, where trademark protection is based on "first use" as well as registration rights; the trademark registration system in the EU is based on a "first-to-file", or more precisely, a "first to successfully register" approach.

Because the registration of patents and trademarks is on a first-in-time, first-in-right basis, you should consider applying for trademark and patent protection even before selling your products or services in the EU market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally

cannot enforce rights for private individuals in the EU. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in EU law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in the EU require constant attention. Work with legal counsel familiar with EU laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both EU or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce;
- National Association of Manufacturers (NAM);
- International Intellectual Property Alliance (IIPA);
- International Trademark Association (INTA);
- The Coalition Against Counterfeiting and Piracy;
- International Anti-Counterfeiting Coalition (IACC);
- Pharmaceutical Research and Manufacturers of America (PhRMA);
- Biotechnology Industry Organization (BIO); and
- Polish Chamber of Commerce (Krajowa Izba Gospodarcza – KIG).

Intellectual property sales, including software licensing, are subject to withholding IPR tax, at a standard rate of 20% or 10% in case a supplier provides a Certificate of US Tax Residence.

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov). This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers the EU at: [ashley.miller@trade.gov](mailto:ashley.miller@trade.gov).

## Due Diligence

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The U.S. Commercial Service in Warsaw can provide U.S. companies with affordable, fast background checks on Polish business organizations through our *International Company Profile Service*. For more information on this service, please click on the following link: [http://www.buyusa.gov/poland/en/international\\_company\\_profile.html](http://www.buyusa.gov/poland/en/international_company_profile.html) or email the U.S. Commercial Service in Warsaw at [Warsaw.Office.Box@trade.gov](mailto:Warsaw.Office.Box@trade.gov) , or call us at +48 22 625-4374.

## Local Professional Services

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The legal environment in Poland continues to evolve at a rapid pace, and this is expected to continue. In general, Polish law firms follow changes closely. Thus, American companies doing business in Poland are strongly urged to obtain legal representation. This is particularly essential when bidding on a major project, forming a joint venture, or untangling a trade dispute. Most major law firms in Poland provide

business counseling in addition to legal advice. Some firms are also experienced in helping their contacts find Polish business partners, investments or projects to pursue.

U.S. accounting and consulting firms in Poland can also offer legal advice and business counseling. Most of the major international accounting firms have operations in Poland that focus on business formation, tax matters, and employee benefits. Many are also involved in the privatization process in Poland, including advising the Polish government. All can offer practical business counseling and assistance in establishing a representative office or incorporating a business in Poland.

A U.S. exporter new to the Polish market may not initially need specialized legal, accounting, or consulting advice as it pursues potential partners. It can, however, take comfort in knowing that expert advice is abundant and available in Poland through the offices of major U.S. and Polish law and consulting firms when problems arise.

Follow the link below to explore our on-line database of businesses providing professional services to U.S. exporters and investors in Poland.

<http://www.buyusa.gov/poland/en/bsp.html>.

Local service providers focusing on EU law, consulting, and business development can be viewed on the website maintained by the Commercial Service at the U.S. Mission to the European Union at: <http://www.buyusa.gov/europeanunion/services.html>.

For information on professional services located within each of the EU member states, please see EU Member State Country Commercial Guides which can be found at the following website: <http://www.export.gov/mrktresearch/index.asp> under the Market Research Library.

## Web Resources

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### EU Websites:

Coordination of the laws of the member states relating to self-employed commercial agents (Council Directive 86/653/EEC):

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:31986L0653:EN:HTML>

Agreements of Minor importance which do not appreciably restrict Competition under Article 81(1) of the Treaty establishing the European Community

[http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c\\_368/c\\_36820011222en00130015.pdf](http://eurlex.europa.eu/LexUriServ/site/en/oj/2001/c_368/c_36820011222en00130015.pdf)

Regulation on late payment:

[http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/documents/late-payments/index_en.htm)

European Ombudsman:

<http://www.ombudsman.europa.eu/home/en/default.htm>

EU's general data protection Directive (95/46/EC):

[http://ec.europa.eu/justice\\_home/fsj/privacy/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/index_en.htm)

Safe Harbor:

<http://www.export.gov/safeharbor/>

Information on contracts for transferring data outside the EU:

[http://ec.europa.eu/justice\\_home/fsj/privacy/modelcontracts/index\\_en.htm](http://ec.europa.eu/justice_home/fsj/privacy/modelcontracts/index_en.htm)

EU Data Protection Homepage

[http://ec.europa.eu/justice/policies/privacy/index\\_en.htm](http://ec.europa.eu/justice/policies/privacy/index_en.htm)

Distance Selling Rules:

[http://ec.europa.eu/consumers/cons\\_int/safe\\_shop/dist\\_sell/index\\_en.htm](http://ec.europa.eu/consumers/cons_int/safe_shop/dist_sell/index_en.htm)

Distance Selling of Financial Services:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:32002L0065:EN:NOT>

E-commerce Directive (2000/31/EC):

[http://ec.europa.eu/internal\\_market/e-commerce/index\\_en.htm](http://ec.europa.eu/internal_market/e-commerce/index_en.htm)

VAT on Electronic Service:

[http://ec.europa.eu/taxation\\_customs/taxation/vat/how\\_vat\\_works/e-services/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/vat/how_vat_works/e-services/index_en.htm)

The Unfair Commercial Practices Directive:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/fair\\_bU.S.\\_pract/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/fair_bU.S._pract/index_en.htm)

Information to Patients - Major developments:

[http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients\\_key.htm](http://ec.europa.eu/enterprise/pharmaceuticals/patients/patients_key.htm)

Nutrition and health claims made on foods:

[Regulation 1924/2006](#)

Provisions of Nutritional Labeling

[Nutritional Labeling Directive 90/496/EC](#)

EU-27 FAIRS Subject Report Health Claims - EU Authorization Procedure 2008:

[GAIN Report E48055](#)

Guidance document on how companies can apply for health claim authorizations:

Summary document from EFSA

[http://www.efsa.europa.eu/cs/BlobServer/Scientific\\_Opinion/nda\\_op\\_ej530\\_guidance\\_summary\\_en.pdf?ssbinary=true](http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_summary_en.pdf?ssbinary=true)

Full document from EFSA

[http://www.efsa.europa.eu/cs/BlobServer/Scientific\\_Opinion/nda\\_op\\_ej530\\_guidance\\_20health\\_claim\\_en.pdf,2.pdf?ssbinary=true](http://www.efsa.europa.eu/cs/BlobServer/Scientific_Opinion/nda_op_ej530_guidance_20health_claim_en.pdf,2.pdf?ssbinary=true)

Health & Nutrition Claims

[http://ec.europa.eu/food/food/labellingnutrition/claims/index\\_en.htm](http://ec.europa.eu/food/food/labellingnutrition/claims/index_en.htm)

Tobacco

[http://ec.europa.eu/health/tobacco/policy/index\\_en.htm](http://ec.europa.eu/health/tobacco/policy/index_en.htm)

Product Liability:

[http://europa.eu/legislation\\_summaries/consumers/consumer\\_safety/l32012\\_en.htm](http://europa.eu/legislation_summaries/consumers/consumer_safety/l32012_en.htm)

Product Safety

[http://ec.europa.eu/consumers/safety/prod\\_legis/index\\_en.htm](http://ec.europa.eu/consumers/safety/prod_legis/index_en.htm)

Legal Warranties and After-sales Service:

[http://ec.europa.eu/comm/consumers/cons\\_int/safe\\_shop/guarantees/index\\_en.htm](http://ec.europa.eu/comm/consumers/cons_int/safe_shop/guarantees/index_en.htm)

Copyright: [http://ec.europa.eu/internal\\_market/copyright/documents/documents\\_en.htm](http://ec.europa.eu/internal_market/copyright/documents/documents_en.htm)

Harmonization of certain aspects of Copyright and related rights in the Information Society - Copyright Directive (2001/29/EC):

[http://eur-lex.europa.eu/pri/en/oj/dat/2001/l\\_167/l\\_16720010622en00100019.pdf](http://eur-lex.europa.eu/pri/en/oj/dat/2001/l_167/l_16720010622en00100019.pdf)

Industrial Property

[http://ec.europa.eu/internal\\_market/indprop/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/index_en.htm)

European Patent Office (EPO)

<http://www.european-patent-office.org>

Office for Harmonization in the Internal Market (OHIM)

<http://oami.europa.eu/>

World Intellectual Property Organization (WIPO) Madrid

<http://www.wipo.int/madrid/en>

Directive on harmonizing trademark laws:

[http://ec.europa.eu/internal\\_market/indprop/tm/index\\_en.htm](http://ec.europa.eu/internal_market/indprop/tm/index_en.htm)

### **U.S. Websites:**

IPR Toolkit: <http://www.buyusa.gov/europeanunion/ipr.html>

EU Public Procurement: [http://www.buyusa.gov/europeanunion/eu\\_funds.html](http://www.buyusa.gov/europeanunion/eu_funds.html)

Local Professional Services: <http://www.buyusa.gov/europeanunion/services.html>.

EU Member State Country Commercial Guides - Market Research Library: [EU Member States' Country Commercial Guides](#)

### **Polish Websites:**

<http://www.kompass.com>

<http://www.paiz.gov.pl/index/?id=7d62a275027741d98073d42b8f735c68>



Detailed information on forms of doing business in Poland:  
<http://www.paiz.gov.pl/index/?id=887a185b1a4080193d5cf63873ac6d70>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

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## Defense System

### Overview

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Poland's military is continuously undergoing changes - all of which are designed to restructure it into a more capable and mobile force compatible with NATO troops. It is forcing change in every area of operation: force structure, staff organizations, training programs, doctrine, security procedures, etc. However, the changes in Poland's military and the reorganization plan for the defense industry must compete with other reforms that the state budget must also finance.

In 2010, the Polish government allocated 1.95% of GDP, an amount equal to about USD 8.38 billion (PLN 25.7 billion), for defense expenditures of which 21.6% went towards the modernization of the army, hardware purchase, and infrastructure maintenance. Forty nine point seven percent (49.7%) were spent on salaries and pensions, and 28.7% on other expenditures. The Polish government aims to meet NATO target of 2% of GDP spending on defense.

Spending on Defense in Poland from 2006 to 2010

	2006	2007	2008	2009	2010
Defense Spending % of GDP	1.95	1.95	1.95	1.95	1.95
Defense Spending USD billion	6.25	7.2	10.5*	8.6**	8.38***

\* 2008 exchange rate: 1 USD = 2.4 PLN

\*\*2009 exchange rate: 1 USD = 2.9 PLN

\*\*\* 2010 exchange rate: 1 USD = 3.07 PLN

The modernization of the Polish army includes the improvement of troop capacity and mobility and air defense systems as well as moving towards a professional army (versus conscription). On August 5, 2008 the Council of Ministers accepted a governmental program designed to restructure and modernize the Polish army and the Office of General Staff called "The Polish Army Development Program: 2009 to 2018." The Program involves the purchase of military equipment (armored transportation vehicles and military transportation aircraft) and ammunition (armor piercing guided missile and ship to ship missile system for the Polish Navy). NATO force goal requirements are also driving equipment-related decisions.

The major directions of the MOD expenditures take account of the following:

1. Professionalization of the Polish Armed Forces;
2. Securing of functioning of the Polish Military Contingents including ISAF, NTM-I, KFOR, EUFOR, AIR POLICING (area of Baltic States), and ACTIVE ENDEAVOUR (area of Mediterranean Sea and Black Sea);

3. Modernization of the Polish Army including both operational programs and weaponry programs;
4. Completion of IT system strategy for the Polish Defense sector for 2008-2012; and
5. NATO Response Forces and EU Combat Groups assign for strategic and international cooperation.

In addition, sources of revenue from the following resource increased the defense expenditures to about USD 204.5 million (PLN 627.7 million): Armed Forces Modernization Fund – USD 23.4 million (PLN 71.7 million), F-16 Support Program – USD 46.1 million (PLN 141.5 million), NATO Investment Program (NSIP) – USD 86.8 million (PLN 266.4 million), Military FMF Program – USD 47 million (PLN 144.3 million), IMET grants – USD 2.2 million (PLN 6.7 million).

#### FMF Program spending in Poland in 2003 - 2010 (USD million)

2003	2004	2005	2006	2007	2008	2009	2010
27.9	32.5	76.5	29.7	28.5	26.9	27.0	47.0

Poland has been receiving one third of NATO funds allocated for the development of defense infrastructure projects. However, in 2010 NATO decreased its spending in Poland, cutting funding by up to 40 percent in the NATO Security Investment Program (NSIP). The NATO Alliance financial constraints were a result of the economic crisis and budget cuts within the organization. Poland also has one of the largest International Military Education and Training (IMET) programs in the United States European Command (EUCOM) and is one of the top 10 worldwide. Poland has already trained a vast number of military and civilian students using IMET, FMS (Foreign Military Sales) and the Regional Defense Counterterrorism Fellowship Program (CTFP). These programs have helped to reform the defense establishments of Poland and have improved Poland's capacity to conduct peace and stability operations.

#### Sub-Sector Best Prospects

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Opportunities for American firms exist mainly in investment, technology transfer, and co-production work. Polish defense companies seek cooperation agreements or joint venture opportunities with foreign defense companies that, combined with the relatively lower cost of production in Poland (particularly tanks, armored vehicles, artillery, ships, aircraft, and helicopters), will be attractive to potential customers.

Receptivity to American products is high due to an excellent reputation for high quality products, reliability, and technical assistance. However, technological advantage is not the only factor determining success in the market. American companies should focus on educating end-users and other players in the defense sector. A successful U.S. exporter is expected to support its agent/representative at trade shows, seminars, and conferences.

Polish officials maintain that the most important factor in awarding a contract is price (which is particularly critical in big-ticket purchases), after which other variables become important such as quality, availability of service and training, and technical assistance for

the installation as well as the start-up operation of the equipment. Therefore, superior performance offers from U.S. companies will not always win the deal.

Poland's defense budget is negotiated annually and the budget parameters are set during these negotiations. The Polish government is required by law to hold tenders for major procurements. Financial value, project complexity, international cooperation and political sensitivity determine the project category. Poland has an offset policy coordinated by the Department of Offset Programs at the Ministry of Economy. These offset requirements are an important part of defense procurement contracts. Offsets are sensitive political issues that involve regional interests in Poland; therefore, the allocation of offsets is the exclusive responsibility of the Ministry of Economy. Offsets can best be approached through partnerships with local companies.

American companies interested in military procurements in Poland are advised to use various resources to increase the chances of getting their company's information into vendor's databases within the military/defense sector. We advise American suppliers of military/defense equipment and services to contact the American Embassy in Warsaw as it pertains to information on defense related business in Poland and current political issues prior to contacting any Polish government agency. This applies particularly to the Office of Defense Cooperation (ODC) and the U.S. Commercial Service.

Defense cooperation is considered the integrated package of security assistance and defense cooperation in armaments activities. The U.S. government security assistance program for the government of Poland is managed by the Office of Defense Cooperation and includes Foreign Military Sales (FMS), Direct Commercial Sales (DCS) and a number of programs under the auspices of defense cooperation in armaments activities.

The U.S. Commercial Service identifies the defense industry as one of its sectors with sizeable American sales potential in Poland. Our office offers a number of commercial export promotion programs and advice on regulation compliance, the market potential for a product or service, agent/representative vetting, and provides advocacy support. Please visit our website <http://www.buyusa.gov/poland/en/>.

## **Opportunities**

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The modernization of the Polish army includes the improvement of troop capacity and mobility and air defense systems as well as moving towards a professional army (versus conscription). Poland's military population has already decreased from 450,000 in 1989 to 110,000 at present. Poland's membership in NATO has brought numerous opportunities for U.S. companies in terms of upgrades and adjustment. In addition, Poland became a close U.S. ally in Europe through its support in the international interventions in Iraq and Afghanistan, which also called for upgrades and adjustments in terms of developing a more capable and mobile force compatible with NATO troops.

Poland's military is traditionally land force heavy. Currently, the military consists of 43,704 troops (39.7%) in land forces; 16,126 (14.7%) in the Air Force; 6,402 (5.8%) in the Navy; and 43,768 (39.8%) in other segments including Reinforcement, Military Police, and the Polish Armed Forces Command. Categorized according to rank, the Polish army represents 22,705 officers including 140 generals; 41,779 non-commissioned officers; 2,471 cadets, and about 33,317 soldiers.

The Polish Air Force modernization project involves the purchase of military equipment including military transportation helicopters, military training aircraft (LIFT), VIP aircraft,

and modern rocket systems -mid- range and long-range units. The Land Force modernization project involves the purchase of armored transportation vehicles and the upgrade of existing base transportation vehicles, various types of helicopters including transportation, striking, and multifunction helicopters, SPIKE guided missiles, striking anti-aircraft systems, rocket artillery systems and gun-barrel artillery systems (howitzers with ammunition, rocket launchers, as well as new tanks). The Polish Navy modernization project involves finishing the building of a multifunction corvette "Garwon", and the modernization of an "Orkan" type of rocket vessels.

Foreign investors and joint venture partners with local firms can take advantage of government incentives. Many U.S. businesses in Poland take the form of joint ventures with Polish companies are specifically set up to handle sales in the market. Joint ventures are an excellent way to facilitate export sales to the Polish market. U.S. companies competing on Polish defense contracts are encouraged to look for joint ventures, co-production, and other cooperative opportunities with Polish companies to make their bid offers more attractive. The relatively lower cost of production in Poland has led many foreign defense companies to seek cooperation agreements or joint venture opportunities with Polish defense companies that can produce equipment which will be attractive to potential customers. Examples of such products include tanks, armored vehicles, artillery, ships, aircraft, and helicopters.

## Web Resources

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Participation in trade fairs, conferences and seminars is a very effective avenue for promotion in the defense/military sector in Poland.

### The MSPO International Defense Industry

The upcoming show takes place September 5-8, 2011. The MSPO show organizer is Targi Kielce <http://www.mspo.pl>; Contact person: Ms. Katarzyna Prostek, MSPO Project Director [prostak.k@targikielce.pl](mailto:prostak.k@targikielce.pl).

To reserve a space at MSPO 2011 you may contact the MSPO organizer directly [prostak.k@targikielce.pl](mailto:prostak.k@targikielce.pl) or private U.S. Show Organizer - Kallman Worldwide, Inc. [www.kallman.com](http://www.kallman.com); Contact: Thomas Kallman, President [tk@kallman.com](mailto:tk@kallman.com)

Other important exhibitions in this sector are:

INTERNATIONAL AIR SHOW, held biannually in Radom. The next show will take place in 2011. The organizer of this show is Targi Kielce; Contact: Malgorzata Mlynarczyk, Radom Air Show Project Manager [mlynarczyk.m@targikielce.pl](mailto:mlynarczyk.m@targikielce.pl).

BALT-MILITARY-EXPO International Fair for Navy, Border Guards and Police, <http://www.baltmilitary.pl/> held biannually in Gdansk. The show organizer is Miedzynarodowe Targi Gdansk S.A.; Contact person: Marek Buczkowski, Project Manager; E-mail: [military@mtgsa.com.pl](mailto:military@mtgsa.com.pl).

BALT-EXPO - International Maritime Exhibition, held biannually in Gdansk. The next show will be held September 6-8, 2011. The show organizer is Zarzad Targow Warszawskich S.A. <http://www.ztw.pl/>; E-mail: [ztw@ztw.pl](mailto:ztw@ztw.pl). Contact: Hanna Maksymowicz, Project Manager [h.maksymowicz@agpolpromocja.pl](mailto:h.maksymowicz@agpolpromocja.pl).

## Additional Resources & Contacts

Ministry of National Defense (MOD)

<http://www.mon.gov.pl/index.php?lang=2>

Defense Policy Department MOD

<http://www.dpz.wp.mil.pl/pl/index.html>

E-mail: [dpz@mon.gov.pl](mailto:dpz@mon.gov.pl)

Military Procurement Department MOD

<http://www.dostawy.wp.mil.pl>

E-mail: [depzaop@wp.mil.pl](mailto:depzaop@wp.mil.pl)

Office for Military Market Analysis MOD

E-mail: [baru@baru.wp.mil.pl](mailto:baru@baru.wp.mil.pl)

Polish Chamber of Defense Industry

[www.przemysl-obronny.pl](http://www.przemysl-obronny.pl)

E-mail: [izba@przemysl-obronny.pl](mailto:izba@przemysl-obronny.pl)

Institute of Aviation

[www.ilot.edu.pl](http://www.ilot.edu.pl)

E-mail: [ilot@ilot.edu.pl](mailto:ilot@ilot.edu.pl)

For more information, please contact:

U.S. Commercial Service

American Embassy Warsaw, Poland

<http://www.buyusa.gov/poland/en/>

Tel: +48 22 625 4374

Fax: +48 22 621 6327

Contact person: Zofia Sobiepanek-Kukuryka, Commercial Specialist

E-mail: [Zofia.Sobiepanek@trade.gov](mailto:Zofia.Sobiepanek@trade.gov)

## Gas Drilling and Exploration

### Overview

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	2008	2009	2010 (estimated)
Total Market Size			
Total Local Production			
Total Exports	6.9	9.1	17
Total Imports	18.2	9.7	14
Imports from the U.S.	4.8	0.3	4

In USD million

Estimation is based on statistical data for the nine months of 2010.

Source of export/import statistics: Global Trade Atlas GTA.

Local production statistics are confidential and not available.

The above statistical export/import data refer to HS 84304900 category– Boring or Sinking Machinery for Boring Earth or Extracting Minerals or Ores, Not Self-Propelled – and include various boring machinery. Statistics specific solely to oil and gas drilling machinery are not available.

Recoverable natural gas reserves in Poland amount to 150 billion cubic meters. Annual natural gas consumption is estimated at the level of 14 billion cubic meters, with 4 billion cubic meters coming from domestic production. Poland is determined to reduce its heavy dependence on gas imports by attracting foreign oil and gas companies to develop domestic gas production. Currently, there are 225 concessions for oil and gas exploration in Poland issued by Ministry of Environmental Protection, including 153 concessions for conventional hydrocarbons exploration, 11 concessions for un-conventional hydrocarbons exploration and 59 concessions for exploration of both types of hydrocarbons. The following companies hold oil and gas exploration concessions in Poland: CallEnergy (U.S.), Celtique Energie (Germany), Chevron (U.S.), Cuardila (U.K.), DPV Service (Germany), Aurelian Oil and Gas (Int., U.K.), Exxon Mobil (U.S.), FX Energy (U.S.), Gas Plus International (Denmark), Realm Energy International (Canada), 3Legs Resources (U.K.), San Leon Energy (U.K., Ireland), Marathon Oil (U.S.), EurEnergy Resources (U.S.), Lotos Petrobaltic (Poland), POGC (Poland), PKN Orlen (Poland), RWE Dea AG (Germany), PL Energia (Poland), BNK Petroleum (U.S.), and Strzelecki Energia (Australia).

The Polish Oil and Gas Company POGC, a joint stock company with a majority owned by the State Treasury, is one of the largest Polish companies and leading player in the market of natural gas exploration and production in Poland. Currently, POGC holds 89 concessions for oil and gas exploration, including 82 concessions for conventional hydrocarbon exploration and 7 concessions for conventional and un-conventional hydrocarbon exploration. In addition, POGC owns 220 concessions for oil and gas production in Poland (97% of all production concessions). The company uses high-class equipment and the latest research methods. The company also performs gas exploration and production in Poland together with foreign companies under joint venture agreements.



The market for gas drilling and exploration services is dominated by six domestic companies owned by PGNiG. There are three drilling and exploration services contractors and two geophysical services contracts. They have been cooperating with international drilling operators around the world and are well experienced in exploration and drilling works performed in Poland and abroad. PGNiG has executed projects in the Middle East and Asia, North Africa and Europe (Germany, Russia, Slovakia, and Ukraine) and possess a qualified and professional engineering staff that is able to work in a wide variety of international environments. Foreign companies exploring for gas in Poland are contracting these professionals for their drilling works. Companies are well equipped with drilling rigs and machinery of foreign production, including American, Italian, Canadian, and Singapore. Currently, there are 28 drilling rigs that are at the disposal of Polish drilling contractors. These include machinery of following brands: National, IDICO, IDM, IRI, Massarenti, Mid-Continent, Skytop Brewster, Kremco and Cardwell. These rigs have been going through rehabilitation on a regular basis and are in very good condition. Polish drilling contractors plan to enlarge the number of drilling rigs available for gas exploration works. Receptivity to American products is high due to an excellent reputation for high quality products, reliability, and technical assistance.

There is no domestic production of drilling rigs used for hydrocarbon exploration in Poland.

#### **Sub-Sector Best Prospects**

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Drilling contractor services for shale gas exploration.  
Associated geophysical services for shale gas exploration.  
Specialized equipment for shale gas exploration.

#### **Opportunities**

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Poland is considered to be one of the European countries with the largest potential of recoverable shale gas deposits, estimated at between 1400 – 3000 billion cubic meters. The process of Polish shale gas deposit exploration has begun, with leading international oil and gas companies lining up to participate. It is expected that the results of this exploration may change Poland's domestic gas production significantly.

Exploration for shale gas is the best prospect for U.S. companies in the Polish gas exploration market. There are 70 concessions for shale gas exploration issued by the Ministry of Environmental Protection. Thirty eight concessions (54%) belong to U.S. companies, 20 concessions belong to other foreign companies (Canada, Germany, U.K., and Australia) and 12 concessions belong to the Polish companies POGC and PKN Orlen. A map of Shale Gas and Conventional Gas Concessions in Poland can be viewed at:

[http://www.mos.gov.pl/g2/big/2010\\_08/5aea5ea92826835ac0899723c613cdec.jpg](http://www.mos.gov.pl/g2/big/2010_08/5aea5ea92826835ac0899723c613cdec.jpg).

The exploration for shale gas in Poland creates an immediate market for drilling services and machinery. If the results of the current exploration projects prove that there are recoverable shale gas deposits that can be exploited effectively, it will open the way for production. Any future production of shale gas would create a market for additional equipment and supplies to be used during the production stage. We may expect results from the first exploration projects within approximately 3 years. Poland does not have the technology necessary to extract shale gas on a commercial scale, and a steady flow

of necessary equipment and qualified engineering staff from abroad will become necessary.

## Web Resources

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Ministry of Environmental Protection

<http://www.mos.gov.pl>

Polish Geological Institute

[http://www.pgi.gov.pl/pgi\\_en/](http://www.pgi.gov.pl/pgi_en/)

Polish Oil and Gas Company

<http://www.pgnig.pl/main/?s,main,language=EN>

Oil and Gas Exploration Company Jaslo

<http://www.pnig.jaslo.pl/>

Oil and Gas Exploration Company Krakow

<http://www.ogec.krakow.pl/index.php?recid=&lang=en>

Oil and Gas Exploration Diament

<http://www.en.pn-diament.com.pl/>

Oil and Gas Drilling Company Nafta

<http://www.nafta.com.pl/?lang=en>

Geophysical Services Company Torun

<http://www.geofizyka.torun.pl/>

Geophysical Services Company Krakow

[http://www.gk.com.pl/?cl=en&set\\_language=en](http://www.gk.com.pl/?cl=en&set_language=en)

Major Trade Events

Oil & Gas

September (annual event)

Warsaw, Poland

<http://www.naftaigaz.com.pl/>

International Geological Fair Geologia

May (annual event)

Warsaw, Poland

<http://www.ztw.pl/?dzial=kalendarz&lang=en>

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## General Aviation Equipment

### Overview

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	2008	2009	2010 est.
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	12.5	19.5	9.5
Total Imports	57	29	23
Imports from the U.S.	23	13	7.5

In USD million

Exchange rates:

2008 – 2.41 PLN/\$1

2009 – 3.13 PLN/\$1

2010 – 3.07 PLN/\$1

#### SOURCES:

Chief Statistical Office of Poland (GUS) - Yearbook 2007, 2008 2009, 3 Quarters of 2010

[www.money.pl](http://www.money.pl)

[www.nbp.pl](http://www.nbp.pl)

The data above show trade statistics for HS 8801 (balloons, gliders, and other non-powered aircrafts), HS 880211 (helicopters of weight under 2000 kg), and HS 880220 (airplanes of weight not exceeding 2000 kg). These aircrafts are mostly used by the general aviation sector.

General Aviation (GA) is defined as a civil aircraft operation other than scheduled commercial flights. General aviation refers to all flights other than military and scheduled airline flights, both private and commercial. This includes aerial works, agricultural aviation, corporate aviation, sport and recreational flying,

The number of private pilots in Poland is extremely low, even compared to other European countries. Polish pilots tend to be fairly well off, and flight is generally restricted to the upper income bracket due to the costs involved. The Polish Civil Aviation Office reported over 10,000 pilots in December 2009 in Poland, which was 1,500 more than one year before. Today, the acceptance of general aviation in Poland is growing, but it is a very slow process.

The registration of civil aircrafts in Poland as of January 1, 2010 shows the following:

- 1,135 airplanes
- 163 helicopters
- 784 gliders
- 22 motor gliders
- 130 hot air balloons
- 1 zeppelin

The majority of aircraft are owned by flying clubs and schools. Private persons own 191 airplanes, 127 gliders, 14 motor gliders, 9 helicopters, 45 hot air balloons, and 1 zeppelin.

The Civil Aviation Office keeps also a record of aircrafts of 450 gross weight. As of January 1<sup>st</sup>, 2010, there were 570 aircrafts in this record including:

- 95 ultralight planes
- 450 trikes (motor powered hanggliders)
- 19 paragliders
- 4 autogyros
- 2 ultralight gliders.

There is no requirement to register paragliders, autogyros, or ultralight gliders – this is done on voluntary basis.

These figures, when compared to other countries, show that there are at least 3 times fewer aircrafts per capita in Poland than in the Czech Republic, 5 times fewer than in Germany, 10 times fewer than in Switzerland, and 30 times fewer than in the USA. Experts predict that general aviation will grow within the next few years in Poland to at least the Czech figures.

A number of local companies are also engaged in the production of light planes and gliders:

- Marganski & Myslowski [www.marganski.com.pl](http://www.marganski.com.pl)
- 3Xtrim [www.3xtrim.pl](http://www.3xtrim.pl)
- Aero [www.aero.com.pl](http://www.aero.com.pl)
- Aero-Kros [www.aero-kros.com](http://www.aero-kros.com)
- Composite Construction Andrzej Papiorek [www.papiorek.com.pl](http://www.papiorek.com.pl)
- Zakład Szybowcowy Jezów [www.szdzewow.com.pl](http://www.szdzewow.com.pl)

## **Sub-Sector Best Prospects**

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Avionics  
Headsets  
GPS  
Instruments

It is expected that there will also be a growing demand for used aircrafts in good condition like Cessna, which are often used for aviation training.

## **Opportunities**

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Experts say that Poland's General Aviation will grow within the next ten years to catch up with Western European standards. This will result in the increased importation of aircrafts (especially small and ultralight category), avionics and instruments, as well as other aviation equipment. This trend will also influence the development of general aviation airfields.

Major Internet Resources:

Ministry of Economy

Web site: <http://www.mg.gov.pl/>

American Chamber of Commerce in Poland

Web site: <http://www.amcham.com.pl/>

Ministry of Infrastructure

Web site: <http://www.mi.gov.pl>

Civil Aviation Office

Web site: <http://www.ulc.gov.pl>

Polish Information and Foreign Investment Agency

Web site: <http://www.paiz.gov.pl>

Institute of Aviation

Web site: <http://www.ilot.edu.pl>

Aviation Valley

Association of Group of Entrepreneurs of Aviation Industry

Web site: <http://www.aviationvalley.pl>

Aircraft Owners and Pilots Association (AOPA)

Web site: <http://www.aopa.pl>

Polish Aeroclub

Web site: <http://www.aeroklubpolski.pl>

### **Commercial Specialist**

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## Green Building Products and Technologies

Statistics for green building products have not yet been established. As of 2010, products which are included under green building cannot be distinguished from typical building products.

### Overview

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The residential and tertiary sectors, a major part of which includes buildings, account for more than 40% of the final energy consumption in the European Community. As this sector continues to expand, energy consumption and carbon dioxide emissions in Poland will continue to increase. Currently, however, Poland remains below the average energy consumption in Europe.

The majority (75%) of the energy consumed in Poland emanates from the housing sector. There are 13 million apartments within residential buildings, (including single and multi-family houses) in Poland. Over 8.7 million of these apartments are in the cities. Only 20% of all housing was built after 1990. Every year approximately 180 thousand new apartments are occupied. The average floor surface of a Polish apartment is 229 square feet. In 2007 the average use of energy by a Polish apartment amounted to 59GJ. Heating consumes 71.2% of all energy use and includes hot water, cooking, lighting, and electrical appliances. Heat energy in Polish housing is usually sourced from either a central heating network or locally based boilers, mainly fueled by coal, gas or oil. The estimated average energy consumption in new and old buildings in Poland is 170kWh/m<sup>2</sup>/year, which is much higher compared to the rest of Europe. Average EU consumption is 150kWh/m<sup>2</sup>/year, although countries like Holland and Norway rank even lower, closer to levels of 90 – 110 kWh/m<sup>2</sup>/year.

Within the last 10 years, Poland reduced its building energy consumption by 50%, thereby making the country a leader in energy efficiency reduction. In 1998, Poland enacted a thermo-modernization law, which allowed building owners to apply for a refund of up to 16% of the total project cost. Thousand of windows, doors, roofs, wall insulation, or boilers were exchanged with the introduction of this law. As recently as 2008, BGK, the state-owned bank responsible for the distribution of the Thermo-modernization Fund, paid out 3,213 premiums, averaging approximately sixty thousand dollars (\$60,000) each. For every 1PLN in public money 6PLN are invested.

In addition to the Thermo-modernization Fund, the National Fund for Environmental Protection and Water Management, together with their regional subsidiaries, provide grants and loans for both individual and institutional investors. This entity recently announced that it would pay out almost \$280 million in grants and loans to institutional investors for thermo-modernization works in public buildings. Within the next four years, this fund plans to spend over \$1.1 billion for such activities. Funds received by Poland from the sale of surplus Kyoto carbon credits will contribute to a third funding source, which will be used for thermo-modernization, among other activities.

The Polish commercial office building market began to develop early in the 1990's. Before that time, offices were located in apartment houses or old office buildings. Currently, new Class A and B office buildings dominate the market. Poland has almost 5 million square meters of modern office space, with 3.2 million square meters in Warsaw. Governmental and administrative buildings remain outdated although intense focus is

increasingly being given towards energy savings and thermo-modernization in this sector as well.

Similar to the development of the office building market, commercial real estate began to appear in Poland also during the 1990s. All of the offered space is modern and built according to the highest European standards. By the end of 2009, Poland had 9,345 thousand square meters of commercial surface available of which almost 73% was shopping malls. Development trends within this particular area are very positive as Poland has experienced a steep growth curve thanks to demographics, sustained economic growth, and increasing purchasing power of Poles. Every year about 1.5 million square meters of commercial space is put into operation in Polish cities both big and small.

The basic tool Poland uses to promote energy efficient and sustainable buildings is the system of energy certificates, introduced into Polish law from the EU 2002/91 Directive on the Energy Performance of Buildings. This Directive is the main legislative instrument at the EU level to achieve energy performance in buildings. Current binding Polish law is very liberal in terms of the recommended amount of energy consumption in buildings, which amounts to 120kWh/m<sup>2</sup>/year. In other European Union countries, this value is much lower, reaching even as low as 70kWh/m<sup>2</sup>/year in Sweden for example.

#### **Sub-Sector Best Prospects**

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Best prospects for U.S. suppliers can be found within the following areas:

- HVAC including air conditioners with cooling capacity of 470-1750 kW
- High efficiency heating pumps integrated with solar panels and other innovative RE systems
- Solar Photovoltaic panels (PV) integrated into the building facade
- Small wind turbines for application in multi-family houses
- Ventilation and heat recovery systems
- High-tech biomass boilers
- Innovative insulation materials and glass
- Energy efficient appliances
- Energy rating services as RESNET system
- CO<sub>2</sub> and air contamination HVAC sensors
- Roof reflective membranes to reduce air conditioning needs
- Smart meters and software to modulate electrical power use
- Scientific and research measurement equipment for energy and emissions testing

#### **Opportunities**

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Only recently there has been increased interest for green building programs in Poland. Public awareness about energy savings has also been growing steadily. Currently, there are 20 Polish buildings applying for LEED certification in the design stage and 6 buildings currently applying for BREEAM green building certificates. Investors such as Skanska, IKEA, Schüco and others have just announced new investments in sustainable green buildings. Poland currently has only one LEED certified building. BorgWarner Turbo Systems Poland was awarded the first LEED Silver Certificate in Poland. The

Silver Certificate is associated with 30% energy savings. U.S.-based BorgWarner has its Polish production facility located in the Aviation Valley of South-Eastern Poland where Goodrich and Pratt & Whitney also manufacture. LEED Certification is promoted in Poland by the Polish Green Building Council that was accredited by the USGBC in 2006.

## Web Resources

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### **Instytut Technik Budowlanych**

Building Research Institute

<http://www.itb.pl/>

[instytut@itb.pl](mailto:instytut@itb.pl)

### **Krajowa Agencja Poszanowania Energii S.A.**

Polish National Energy Conservation Agency

<http://www.kafe.gov.pl>

[kafe@kafe.gov.pl](mailto:kafe@kafe.gov.pl)

### **Narodowa Agencja Poszanowania Energii S.A.**

National Energy Conservation Agency

<http://www.nape.pl>

[nape@nape.pl](mailto:nape@nape.pl)

### **Polish Green Building Council PLGBC**

<http://www.plgbc.org>

Contact: Ms. Agnes Vorbrodt-Schurma, President

[agnes@plgbc.org](mailto:agnes@plgbc.org)

### **Fundacja Budownictwa Energo-oszczednego “Zielone Domy”**

Foundation for Energy Saving Construction “Green Houses”

<http://www.fundaczzielonedomy.pl/>

[biuro@fundaczzielonedomy.pl](mailto:biuro@fundaczzielonedomy.pl)

### ***Commercial Specialist***

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## Machine Tools

### Overview

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	2008	2009	2010 est.
Total Market Size	NA	NA	NA
Total Local Production	NA	NA	NA
Total Exports	427	290	230
Total Imports	1159	688	500
Imports from the U.S.	71.2	28	18

In USD million

Exchange rates:

2008 – 2.41 PLN/\$1

2009 – 3.13 PLN/\$1

2010 – 3.07 PLN/\$1

#### SOURCES:

Chief Statistical Office of Poland (GUS) - Yearbook 2007, 2008 2009, First Three Quarters of 2010

[www.money.pl](http://www.money.pl)

[www.nbp.pl](http://www.nbp.pl)

The figures shown in the table were collected by Poland's Chief Statistical Office --GUS for HS Numbers 8456-8463 and 8466 (Please note that there is a difference between these figures and U.S. statistics on exports to Poland since GUS data may not include the same HS code categories for the Machine Tools sector.)

Industry leaders evaluate the size of the machine tools market in Poland in 2010 at 1 billion Euro. This figure represents a market approximately ten times smaller than Germany's. Poland relies heavily on imports, especially for highly sophisticated machine tools. The country imports mainly from Germany, Italy, Switzerland, USA as well as from the Far East. Successful Polish producers focus on highly specialized machine tools.

The machine tools sector was once one of the great specialties of Polish industry – in 1978, the American magazine “American Machinist” ranked Poland in 5th place on the list of largest exporters/importers of machine tools. The industry suffered a decline after 1990 when economic changes were introduced into Central and Eastern Europe. The market economy proved that the strong Polish machine tools industry was in fact a colossus with feet of clay. The industry lacked innovation, and the collapse of the Council for Mutual Economic Assistance (Comecon) significantly lowered the once very high and stable demand for Polish-made machine tools from other Comecon countries.

After Poland's accession to the EU on May 1, 2004, the duty for machine tools decreased according to the EU's external tariff schedule. Subsequently, this has resulted in increased imports coming into Poland from the U.S.

Companies from Germany, Italy, Japan, Switzerland, China, Taiwan, and Korea are the leading suppliers of CNC machine tools into Poland. In the last decade, Asian suppliers have expanded their market share. The market has suffered in the last two years from global recession, but it is expected that by the end of 2010, sales should once again be on the rise.

The US import share is 4.5%, with Haas and Fanuc Robotics noted as the leading American producers present on the Polish market.

At this time, the Polish machine tool industry is going through a great deal of restructuring. Some major producers have been acquired by leading foreign manufacturers like DMG, or HACO (Pamot, FAT, and Jafo) and are successfully exporting their machines to multiple Western markets including Germany and the US. Other producers are owned by local Polish capital, and some companies, such as Rafamet, even trade shares on Warsaw's public stock exchange. While some Polish companies are doing well, others are struggling to survive or are already in liquidation. In 2006 there was an attempt to organize an Association of Polish Machine Tool Producers – in the beginning the Association included nearly 20 leading Polish producers. Over the long run, however, it turned out that companies were unable to either communicate their common interests effectively or to come to a consensus regarding their agenda. The Association was disbanded in 2010.

The majority of Polish producers offer machining centers with two or three axis, some include four (Jazon) or five (Avia) axis machines in their offers. Industry specialists stress that in order to stay profitable, Polish companies should focus on production of highly specialized machine tools, as they would not be able to compete with mass produced standard machine tools originating from Asia. Rafamet, specializing in machines for shaping railway wheel sets, is an example of a company that adopted such a successful strategy.

#### **Sub-Sector Best Prospects**

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- Multifunction CNC centers
- High Speed Machining centers
- High Performance Machining centers
- CNC lathes
- Parts

#### **Opportunities**

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The major industries creating demand for machine tools in Poland are aerospace, automotive, rail, defense, white goods and power. With significant investment done in all of these sectors including such high-profile acquisitions of PLZ Mielec by Sikorsky or PZL Rzeszow by Pratt & Whitney, there will be a growing demand for high quality CNC technology. Another sector that is seen as a potential buyer is the yacht production industry.

Ministry of Economy

Web site: <http://www.mg.gov.pl/>

American Chamber of Commerce in Poland

Web site: <http://www.amcham.com.pl/>

Swiat Obrabiarek

(The World of Machine Tools)

Web site: <http://www.swiatobrabiaiek.pl>

This is a bimonthly magazine devoted to machine tools industry.

Upcoming Trade Shows:

Innovations-Technologies-Machines

Mach-Tool

Web site: <http://machtool.mtp.pl/en/>

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## Medical Equipment and Services

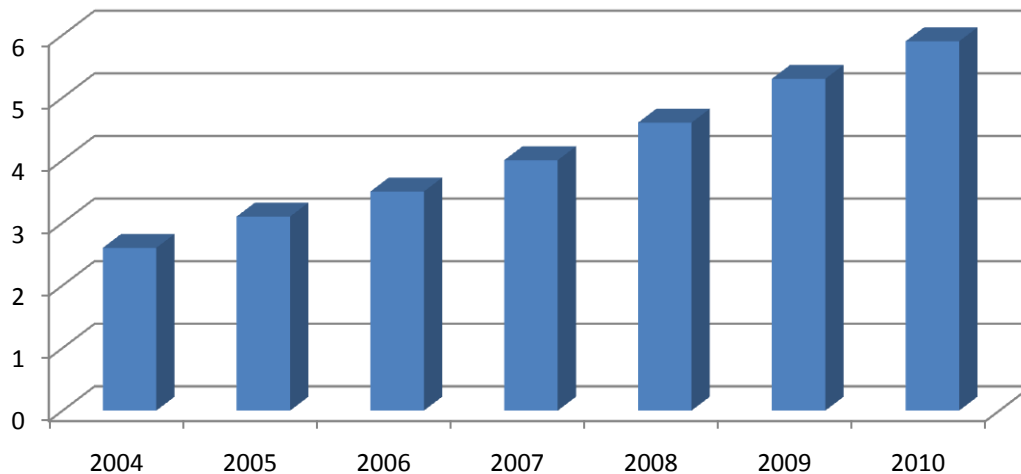
### Overview

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Poland, the sixth largest country in the European Union with a population of 38 million people, represents one of the biggest health care markets in Central/Eastern Europe. Despite this fact, the health care sector in Poland remains in a somewhat challenging financial condition and the short-term outlook remains tentative. Since 1999, the health care sector has gone through several unsuccessful attempts at reform. It is expected that the current Parliament will pass some amendments to the existing Health Care Law and Regulations. Once these new laws are established, U.S. Commercial Service Warsaw foresees significant opportunities for U.S. companies in the health care/medical market.

In 2010, the value of the medical equipment market in Poland was estimated at 5.9 billion PLN\*. About 70% of all medical equipment used in Poland is imported. The range of medical equipment produced in Poland is quite limited. Polish manufacturers are not very competitive because they lack the latest technology, efficient production methods, investment capital, and appropriate marketing resources. Therefore, medical equipment represents a good prospect for foreign suppliers. U.S. medical equipment manufacturers face strong competition from European companies. EU suppliers increased market share in recent years due to competitive pricing, as well as the availability of EU assistance for Poland. Poland imports medical equipment primarily from Western Europe (Germany, Netherlands, Austria, France, Switzerland, and United Kingdom), the United States, and Asia (Japan and China).

**Medical Equipment Market in Poland - total value in billion PLN**



Exchange Rate:

\* 2010 USD 1 = 2.97 PLN

2009 USD 1 = 2.9 PLN

2008 USD 1 = 2.4 PLN

2007 USD 1 = 2.5 PLN

2006 USD 1 = 3.0 PLN

2005 USD 1 = 3.2 PLN

2004 USD 1 = 4.0 PLN

The most common causes of death in Poland are cardiovascular disease (45%), cancer (26%), and injuries and accidents (7%). Contagious diseases, especially hepatitis and sepsis, are also a significant concern. Finally, as in the U.S., there is a growing apprehension about health problems associated with an aging population. Approximately 7.5 million Polish citizens are in retirement, 1.2 million are pensioners, and another 5.4 million are considered handicapped. In Poland, only 24% of handicapped people are employed, compared to 50% in other European countries.

In general, American suppliers of medical products have a good reputation for high quality products. However, technological advantage is not the only factor determining success in the Polish market. Therefore, American companies should focus on educating end-users and other players in the health care sector. A successful exporter should strongly support its agent/representative with marketing strategies.

### **Sub-Sector Best Prospects**

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The latest restructuring of public health care in Poland resulted in the establishment of short-term and out-patient facilities. This change required implementation of advanced diagnostic techniques and new surgical procedures that, in turn, create a demand for new equipment. The development of the private health care sector in Poland has also created a need for equipment for general and specialty practice consulting offices, as well as for one-day-clinics and hospitals. In Poland, imports are a fundamental component of the local medical equipment market. The best prospects for U.S. suppliers are for sophisticated diagnostic equipment, patient monitoring systems, surgery equipment (high-tech surgical devices and minimally invasive surgery equipment), oncology and nuclear medicine, cardiovascular surgical devices, and sterilization devices.

Advanced diagnostics and operating room medical equipment currently has the best market potential in Poland, especially equipment that increases efficiency and reduces occupancy rates in hospitals and medical clinics. The idea of implementing controls on health expenditures is not a new concept for developed countries. A usual byproduct of such controls results in the expansion of alternative treatment thereby creates demand for a whole new range of medical equipment; for example, items that facilitate fewer and shorter hospital stays. The need for medical home-care and long-stay hospitalization for an increasing proportion of the elderly population in Poland reveals a range of opportunities for American medical equipment manufacturers. Demand will continue to increase for medical equipment and products that will assist new Polish health care controls. In addition, the growing elderly population reinforces demand for all kinds of equipment, aids and supplies used by nurses and families for home-care. Finally, the hygiene sub-sector also represents good prospects. Hepatitis, sepsis and other hospital-borne infections are appearing with more frequency in Polish hospitals and operating rooms. Items that contribute to patient and medical personnel safety currently represent best sales prospect. In the near future, infection prevention should receive increasing emphasis in the medical marketplace.

Marketing strategies in Poland are heavily based on market demand. In Poland, medical specialists recommend products, so a good marketing strategy is to keep doctors well informed about new products. This means that a successful importer will need to have a representative/distributor that promotes awareness of new products, attends trade

shows, seminars and conferences, and keeps doctors informed through some type of direct communication or marketing campaigns.

In Poland's healthcare market, price is the most influential factor for market acceptance, even more important than the quality of the product. The second most important factor for success is local availability of service and spare parts. Quality is usually the third element considered by most potential buyers of imported medical devices. Another sale inducing quality is quick delivery.

We have several programs to help you find a local agent/distributor/representative. For more information please look at our web site:

[http://www.buyusa.gov/poland/en/products\\_and\\_services.html](http://www.buyusa.gov/poland/en/products_and_services.html).

## **Opportunities**

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The end-users of medical equipment are the service providers themselves. Service providers include public hospitals, private clinics, and private doctor's offices. One should take into account the difference between the average patient in a private clinic and the type of patient who utilizes public hospitals and medical facilities. The public sector (the largest sector of health care in Poland) receives annual funding for equipment purchases. Private institutions try to maintain a stock of products based on supply and demand, and generally respond better to new technology or an innovative product if it is well marketed.

Because Poland is a member of the European Union, import regulations for medical equipment are harmonized with the European Union's Medical Device Directives, which cover essential safety, health and environmental requirements. The three regional European standards organizations; CEN, CENELEC and ETSI, are mandated by the Commission. There are no restrictions on the sale or importation of used medical equipment by either state-owned or private medical facilities however, the market opportunities for used medical equipment are relatively small. Medical equipment for public hospitals is purchased through a competitive bidding process. All tenders are announced in a public procurement bulletin "Zamowienia Publiczne". Private clinics can purchase medical equipment from any source they wish or through any trading organization they choose, but no specific buying pattern has been identified. The procurement of medical equipment through leasing has become increasingly popular in Poland, especially among a growing number of private clinics and medical facilities. Investment related purchases, such as advanced medical equipment like mammography equipment, EEG equipment, Magnetic Resonance Imaging units, radiography/tomography Units, X-ray equipment, etc., are usually limited to private clinics. This market niche is rapidly growing, with an average annual growth rate estimated at 20 – 30% in 2008, while larger private firms grew even faster at 30 – 40%. On the other hand, due to the global economic crisis, the annual growth in the private medical sector in 2009 was estimated at only 6-7%.

There are several special funds and medical foundations that raise money to purchase medical equipment and donate it to hospitals and other healthcare facilities. In addition, a certain amount of money is available from the European Union Funds through the Operational Program called "Infrastructure and Environment."

See: <http://www.pois.gov.pl/> - *Program Operacyjny Infrastruktura i Środowisko*. Through this program, almost 420 million Euros has been allocated for the purchase of medical imaging and diagnostic equipment, and supporting equipment for patient transportation services in 2007-2013. These funds are distributed strictly via bidding procedures.

## Web Resources

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Participation in medical events, conferences and seminars is a very effective avenue for promotion in the healthcare/medical sector in Poland. A successful exporter should strongly support its agent/representative at all external marketing events - medical specialty seminars and conferences in particular. It should be said in general that in order to introduce new products successfully into Poland, a considerable investment of time and money is required.

SALMED (<http://www.salmed.pl/en/>) is the largest event for the healthcare/medical industry sector in Poland held biannually in Poznań. The next show, the XXIV edition of SALMED, will take place March 14-16, 2012.

Other important exhibitions and conferences in this medical sector are:

EXPODENT (<http://www.expo-andre.pl/>) is a popular Dental Conference and Trade Fair in Poland. The next show will be held October 22-23, 2011 in Toruń.

CEDE (<http://www.cede.pl/?s=585;a=4;lang=en>) - Central and Eastern European Exhibition of Dental Products held annually at the MTP fair ground in Poznań. The next show will be held in September 2011.

REHMED-EXPO ([http://www.targikielce.pl/index.html?k=rehmed\\_en&s=index](http://www.targikielce.pl/index.html?k=rehmed_en&s=index)) - Poland's Rehabilitation & SPA Medical Equipment Fair. The next show will be held April 6-8, 2011 in Kielce.

In addition, we recommend reviewing web portal MedicalTradeFairsOn-Line - (<http://www.targimedyczne.pl/pl,1,0,home.htm>).

The following is a listing of key contacts for government and non-government organizations:

Ministry of Health (MOH)  
<http://www.mz.gov.pl/>  
[kancelaria@mz.gov.pl](mailto:kancelaria@mz.gov.pl)  
[kancelaria-mz@mz.gov.pl](mailto:kancelaria-mz@mz.gov.pl)

Foreign Cooperation Department at MOH  
[dep-wm@mz.gov.pl](mailto:dep-wm@mz.gov.pl)

Health Policy Department at MOH  
[dep-pz@mz.gov.pl](mailto:dep-pz@mz.gov.pl)

Public Health Department at MOH  
[dep-zp@mz.gov.pl](mailto:dep-zp@mz.gov.pl)

Procurement Office at MOH

<http://www.mz.gov.pl/wwwmz/index?mr=m241614191&ms=416&ml=pl&mi=419&mx=6&ma=347>

Office for Registration of Medical Equipment, Medical Products, Pharmaceutical Products and Biocides (approval and testing)

<http://www.urpl.gov.pl/>

Medical Equipment Register

[elzbieta.maciejewska@urpl.gov.pl](mailto:elzbieta.maciejewska@urpl.gov.pl)

National Health Fund

<http://www.nfz.gov.pl/new/>

[secretariat.prezes@nfz.gov.pl](mailto:secretariat.prezes@nfz.gov.pl)

Healthcare Managers Association

<http://www.stomoz.pl>

[centralny@stomoz.pl](mailto:centralny@stomoz.pl)

The Polish Chamber of Physicians

<http://www.nil.org.pl/xml/>

National Association of Private Hospitals

<http://www.szpitale.org/>

Foreign Aid Programs in Health Care

<http://www.bpz.gov.pl/>

For more information, please contact:

**Commercial Specialist**

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In January 2009, the Polish government took the decision to develop the Polish Nuclear Energy Program PNEP. The program envisions the construction of two nuclear power plants of 3,000 MW each, with the first plant becoming operational in 2020. According to Poland's energy policy, in 2030 the nuclear energy should cover 6.5% of national energy demand. The Polish Energy Group PGESA, a majority state-owned company, was assigned as major investor of first two nuclear power plants. The Government Commissioner for Nuclear Energy was established in May 2009 with the task to create and supervise the PNEP, prepare the necessary nuclear legislation and to cooperate with PGESA on program preparation and introduction. In July 2009, the Commissioner prepared an action plan for nuclear energy that became the basis for the program preparation. In January 2011, after multiple and lengthy social and industry consultations, the program was presented to the Council of Ministers. Currently, the program still requires environmental impact assessment and approval and trans-border consultations. It is estimated the program will be approved by the Council of Ministers in June 2011. Also, by June 30, 2011, the required nuclear legislation (update of Poland's Atomic Law and Nuclear Energy Investment Law) should be in place.

PNEP describes detailed tasks and identifies the actions needed to perform these tasks together with deadlines for completion of each particular tasks, lists possible power plant locations, presents financial cost analysis of program introduction and social and economic consequences of program introduction, analyzes nuclear energy safety issues (radioactive waste disposal, spent nuclear fuel disposal), and examines nuclear education needs. The following five stages in the program action plan are identified:

1. Preparation and adoption by Council of Ministers of Polish Nuclear Energy Program (by June 30, 2011);
2. Site selection and contract settlement for construction of first nuclear power plant (July 1, 2011 – December 31, 2013);
3. Technical design preparation and all required settlements (January 1, 2014 – December 12, 2015);
4. Construction permit arrangements and construction of first power block of first power plant; beginning of construction of following power blocks/power plants (January 1, 2016 – December 31, 2020); and
5. Construction of following power blocks/power plants (January 1, 2021 – December 31, 2030).

The Nuclear Energy Investment Law that describes the procedures for obtaining the necessary administrative decisions, permits and opinions required for construction and operation of nuclear power plant should be approved by Parliament and come into force by June 30, 2011. The law will also regulate the expropriation procedures and claims, as well as directives for the financing of the investment. The idea is to create one single law that would regulate all the issues connected with construction and operation of nuclear power plant, and to make the entire process as clear as possible. The Atomic Law will regulate the issues of radioactive waste facilities, spent nuclear fuel, nuclear safety, radiological protection, and responsibility for nuclear damage.

Best prospects exist in all areas of nuclear energy program development, including technology and product area, engineering services, design and construction services, technical services, consulting services, and nuclear education and training. Poland does not have much experience in nuclear energy; however the conventional power sector that constitutes the basis for nuclear is well developed in Poland. In the 1980s, Poland initiated a nuclear power plant development program; however due to the Chernobyl disaster, the program was halted. Currently, there are only a few scientific and academic centers involved in nuclear energy studies with one active nuclear reactor of 30 MW. Large scale educational program to train qualified nuclear energy professional must be restarted. Poland has signed nuclear energy cooperation agreements with France, Japan and the United States.

**Opportunities**

According to PGESA estimates, the cost of construction of first 3,000 MW nuclear power plant should range between \$12-18.5 billion. The technology cost is estimated at \$ 26 – 28.5 billion. The state budget will cover the cost of \$270 million for construction of radioactive waste disposal facility, educational campaign and creation of State Atomic Agency.

PGE S.A. is responsible for creating a consortium with interested companies to construct the first two nuclear power plants. PGE S.A. will hold a 51% stake in the future consortium. The company is also responsible for technology selection and has already signed three memorandums of understandings with foreign companies to analyze the possibility of introducing specific nuclear technology and associated costs. These memorandums are specifically in partnership with Electricite de France and Areva (EPR technology), GE Hitachi (ESBWR reactor) and Westinghouse Toshiba (AP 1000 reactor).

The actual tender for nuclear technology selection is planned to be announced by PGE in July 2011 (after government passes required nuclear legislation). All suppliers that meet the tender requirements would be welcome to bid. Within 24 months of tender issuance, PGE wants to conclude contract negotiations with selected technology provider. Simultaneously, PGE will hold negotiations with co-investors for consortium to construct power plant. The company has not yet determined if they will choose the technology first or the consortium partners first. However, PGE is confident that there are multiple international utilities interested in being a co-investor.

PGE has been organizing several tenders for advisory services and analysis, as preparation for actual construction work. The tender for feasibility study for construction of two nuclear power plants has already been concluded. In February 2011, PGE announced two consultancy tenders. The first tender is for “Providing Technical Advisory Services (Owner’s Engineer) to Support PGE EJ1 Sp. z o.o. First Nuclear Power Plant Development Program with an Installed Capacity of Approximately 3,000 MW”. The estimated value of the contract is over \$415 million (for a 10 year period). The second tender is for “Site Characterization and Licensing/Permitting Services Necessary for the PGE EJ1 Sp. z o.o. First Polish Nuclear Power Plant Development Program with an Installed Capacity of Approximately 3,000 MW”. The objective of this contact is to provide environmental analysis, site characterization and the

licensing/permitting services necessary for the investment process. The estimated value of the contract is over \$40 million.

Tenders in nuclear energy organized by PGESA are published on PGE EJ1 website  
<http://www.pgeej1.pl/english/>

## **Web Resources**

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Ministry of Economy  
[www.mg.gov.pl](http://www.mg.gov.pl)

Polska Grupa Energetyczna PGE S.A.  
<http://www.pgesa.pl/en/Pages/default.aspx>

PGE EJ1 Sp. z o.o.  
<http://www.pgeej1.pl/english/>

National Atomic Energy Agency  
<http://www.paa.gov.pl/en/>

Soltan Institute for Nuclear Studies  
<http://www.ipj.gov.pl/en/rob3.php>

Institute of Atomic Energy POLATOM  
[http://www.iea.cyf.gov.pl/index\\_ang.html](http://www.iea.cyf.gov.pl/index_ang.html)

Ecology Association for Nuclear Energy SEREN  
<http://www.seren.org.pl/>

Polish Nuclear Society  
[http://ptn.nuclear.pl/index\\_en.php?li=\\_en](http://ptn.nuclear.pl/index_en.php?li=_en)

Energy Market Agency  
<http://energetykajadrowa.cire.pl/>

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## Process Controls

### Overview

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2010 saw general improvement in the overall situation in the process control market. Increasing foreign investments and industry expansion were the major contributing factors to the solid sector performance. Competition from EU companies forced Polish manufacturers to be more product focused – this refers to manufacturers. Growing labor costs were another factor having positive influence on the market. Large foreign companies, like ABB, Rockwell Automation, Siemens and others, are already present in Poland. These are mostly companies with German capital. They are doing well in Poland both because the production costs are lower here, but also because Poland is a considerably large market with well-educated engineering staff available. Also, small and medium size Polish companies are doing well. They are focusing on distribution of various automation components manufactured both domestically and abroad. Many firms being aware of trade fluctuations chose to diversify their offer to include both products of well-known brands and their low-priced equivalents from China. A number of firms specialize in value-added services. This is one of the characteristics of process controls, where often a product is designed for one unique application. This means that both distributors and manufacturers find their place in the market.

Unit: USD thousands

	2009	2010	2011 (est.)	2012 (est.)
Total Market Size	1,060,789	1,179,247	1,267,900	1,366,568
Total Local Production	574,000	604,000	634,200	660,568
Total Exports	334,370	357,728	393,000	424,000
Total Imports	848,159	932,975	1,026,700	1,130,000
Imports from the U.S.	13,008	13,528	14,000	15,000
Exchange Rate: 1 USD	3	3	3	3

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources:

Total Local Production: Polish Chief Statistical Bureau

Total Exports: CDP

Total Imports: CDP

Imports from U.S.: CDP

In the years 2008-2009 there were considerable drops in exports and imports reflecting world economic crisis. The last two years indicate growth.

### Sub-Sector Best Prospects

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HS 9024 – machines for testing mechanical properties of materials

HS 9025 – Hydrometers, thermometers, pyrometers

HS 9032 – Automatic regulating or controlling instruments

U.S. exports to Poland, as well as Polish imports of these products grew more than 10% over the last 2 years.

## Opportunities

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Polish companies are ready to cooperate with foreign partners both as channel partners to sell their products in Poland and also to design products. Polish technicians possess the latest technical knowledge and are acquainted with the latest products in the process control sector. They closely follow what developments in the process control industry and science.

## Web Resources

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The following link is the site for the Polish Association Industrial Research Institute for Automation and Measurements: <http://www.piap.eu/>

For more information, please contact:

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## Water and Wastewater Infrastructure

### Overview

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HS includes: desalinization equipment, storage tanks and process vessels, industrial separators, sampling equipment, fluid filters, pack tower aerators, deionization equipment, pumps, metal recovery, solid/liquid separation, pipe technology, and boilers and chemicals:

	2008	2009	2010
Total Market Size	n/a	n/a	n/a
Total Local Production	n/a	n/a	n/a
Total Exports	5.875	4.270	18.982
Total Imports	7.743	5.566	4.101
Import from the U.S.	0.215	0.207	0.241

In USD billion

2008 – 2.41 PLN/1\$

2009 – 3.13 PLN/1\$

2010 – 3.02 PLN/1\$

#### SOURCES:

Chief Statistical Office of Poland (GUS) – Foreign Trade 2008, 2009, 3 quarters of 2010

Poland is facing an important environmental task to improve river water quality and protect the Baltic Sea. Therefore, almost all river basins in the country will need to modernize most Polish wastewater treatment plants. According to OECD assessments, Poland has already made remarkable environmental progress in recent years, meeting most of its environmental objectives to date. Nevertheless, the road to environmental convergence within the EU will be a long one. As stated by the Polish Ministry of Environment, Poland will have to invest over 2 billion Euro annually until 2015 to meet the remaining EU environmental standards.

Over the past decade, water abstraction has decreased significantly; at the same time, there has been significant progress to connect both rural and urban populations to the water supply and sewage systems. While the introduction of water metering, reduction of leakage, charging for water abstraction and wastewater discharges show signs of progress, surface water quality is still unsatisfactory and large investments in wastewater treatment plants have not lead to corresponding improvements in surface water quality. Major expenditures for water management infrastructure are necessary to ensure that water supply and wastewater related infrastructure comply with European directives. Under EU regulations, all towns with population over 2,000 must have such facilities.

Beginning with its accession to the EU, Poland has been following the National Municipal Wastewater Treatment Plan. According to this plan, Poland has until the beginning of 2015 to reduce the production of biodegradable pollution by 100%. This plan calls for the creation of sewer systems and municipal wastewater treatment plants for 1577 agglomerations; the construction of 37 thousand kilometers of sewers, as well as the

construction and modernization of 1734 municipal wastewater treatment plants. The total cost of this project will amount 15.4 billion Euro of which 3 billion Euro will be spent for treatment plants only. As of December 2010, 1069 agglomerations have been already covered with the Plan principles.

Poland has full access to structural funds from the European Union which is available to finance the rehabilitation of the water/wastewater treatment infrastructure in Poland. Access to EU funding may be subject to substantial EU content proportions, which may require U.S. suppliers to partner or sub-supply. Currently capital for financing water/wastewater projects can be sourced from the 2007 – 2013 Structural Funds, within the framework of the Operational Program Infrastructure and Environment. The total amount of funds designated for environmental infrastructure will reach 4.2 billion Euro.

### **Sub-Sector Best Prospects**

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Market demand for advanced technologies is mostly satisfied by imports. European companies dominate the market.

The table below shows a listing of selected best prospects for equipment:

<b>HS Code</b>	<b>Name of equipment</b>
8413 81 90 0	Submersible pumps to be used in sewage treatment plants
8414 80 90 0	Air blowers to be used in sewage treatment plants with the efficiency of more than 15,000 m3/day
8414 90 90 0	Components of equipment used in deep aeration of sewage
8421 19 99 0	Sludge water centrifuges with an output of more than 1500 m3/day
8421 29 90 0	Filtration presses and sewage screens for sludge drainage
9026 10 91 0	Portable automatic flow meters
9026 80 99 0	Kits for fluid collection - liquids, gases
9027 80 19 0	Measuring devices for biological oxygen demand (BOD)
9031 80 39 0	Equipment for the automatic collection and analysis of sewage samples

### **Opportunities**

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Municipal wastewater treatment plants are slated for construction, extension and modernization. Currently around 200 new wastewater treatment plants are under construction or modernization. Most in demand are wastewater treatment facilities for regions inhabited by less than 15 thousand citizens.

The market for water/wastewater equipment has grown steadily over the last few years and is expected to increase rapidly. U.S. exports of water/wastewater equipment to Poland have grown significantly over the past few years. While U.S. products are considered to be of the best quality, they face strong competition from European suppliers, especially from Germany, Sweden and France. The competitiveness of products offered by European producers is based on lower shipping costs and lower tariff rates for EU suppliers. The best investment prospects in Poland for the next few years exist for companies offering the latest technology and equipment for chemical and biological treatment of waste water, technology for safe sludge disposal, for desalination and disposal of residuals (including marketing of salts), water recycling in industry, etc.

Poland is particularly intent on reaching European Union standards for effluents and drinking water quality. Imported equipment must meet quality standards required by the Polish certification law.

#### **Web Resources**

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Ministry of Environment

<http://www.mos.gov.pl>

Ministry of Agriculture

<http://www.minrol.gov.pl>

National Fund for Environmental Protection

<http://www.nfosigw.gov.pl/>

Water Supply and Sewerage Association

<http://www.igwp.org.pl>

Institute of Meteorology and Water Management (IMGW)

<http://www.imgw.pl/index.php>

Main Inspectorate for Environmental Protection

<http://www.gios.gov.pl>

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## Wireless Telecommunication Equipment and Services

### Overview

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The cellular services market in Poland has been developing much faster than the market for fixed-line telephony. Nevertheless, in 2009, for the first time ever, the value of cellular services in Poland shrank in value by 2.5%. 2010 saw the value of the market grow once again, reaching the value of over USD 6 billion, representing 44% of the total telecommunications market. With the current 46.2 million subscribers in Poland and an over 121% penetration rate, the market has become very competitive, forcing telecom operators to put significant effort into the introduction of new services and also adding to the expectation of lower prices. The value-added services were estimated at some USD 330 million and are expected to grow over the next few years. Already one in three companies in Poland use mobile phones exclusively.

	2009	2010	2011*
Mobile subscribers	44.8 million	46.2 million	47.9 million
Subscribers per 100 people	117.4	121.3	125.7

Cellular companies in Poland operate using the GSM, DCS and UMTS standards, and are among leaders using the latest LTE (Long Term Evolution) “almost fourth generation” technology. Please see our report on the mobile communications for more details.

Polish cellular companies remain competitive by enhancing their offerings and developing value-added services. They also strategically invest in their backbone networks and infrastructure. The various Polish companies service offerings are very similar, both in price and scope. In addition to the standard cellular services, common offerings include fixed-line telephony and internet access as well as a variety of value-added services.

Poland's mobile phone companies make more money with online services than with cellular telephony, which brings losses to revenue due to falling fees. Recent years saw a true explosion in the use of mobile internet access, from minimal use in 2008, to 2.1 million users at the end of 2009, growing to over 50% in 2010. To ensure investments in extending mobile coverage to underserved areas, the Polish regulator, UKE, agreed to postpone a cut in mobile termination rates until mid-2011.

The market expects swift development of value-added services, especially financial services, mobile television and marketing services. Recent consumer polls show that cellular subscribers are greatly interested in the use of financial services and GPS navigation. Market specialists predict that by 2015 half of all Polish mobile phone users will have internet on their phones.

Notwithstanding the cellular mobile services, there are also rapid developments in the use of wireless products in other areas, especially the Wi-Fi technology.

As far as specific equipment is concerned, there is no local production in Poland. The total value of HS 8517 products imported into Poland from January through November 2010 was almost USD 2.48 billion, over half of which entered from China (USD 1.49 billion). Other major suppliers include the EU countries of Hungary, Romania, Finland, Germany and the Netherlands.

Even though US exports of these products represented only USD 35.9 million, this does not reflect the actual business potential of the wireless sector and the position of American suppliers. American companies are seen as the industry leaders in high tech technologies especially telecommunications technology.

U.S. Exports to Poland of Commodities registered HS 8517, in million of USD

2008	2009	2010 Jan-Nov
54.2	43.3	35.9

### Sub-Sector Best Prospects

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Good prospects for American suppliers exist for all equipment, specialized software and related services earmarked for wireless technologies used in Poland for both the operator and consumer. These range from consumer products, content and services, data transmission and security components, up to advanced systems and components for the new infrastructure for the telecommunications operators.

The 2012 European Cup Soccer Championships, to be held in Poland and Ukraine, are seen as a driving force for the Polish economy and should enhance the demand for a variety of wireless technology products, especially security and audio/visual products and services in the professional and consumer market segments.

### Opportunities

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Public sector ITC development projects are coordinated by the Ministry of Interior and Administration (MSWiA), please see <http://www.mswia.gov.pl/>.

The following projects are in the pipeline:

- Broadband Internet Development Projects for Eastern Poland;
- Country-wide ITC network for the 112 emergency number; and
- A consolidated IT system for public healthcare.

Also of interest is a tender for 2.6 GHz frequency for mobile telephony services in the LTE technology (Long Term Evolution) [www.uke.gov.pl](http://www.uke.gov.pl).

### Web Resources

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Events:

The National Symposium of Telecommunications and Information Technology  
Krajowe Sympozjum Telekomunikacji i Teleinformatyki  
Includes commercial exhibition of advanced ITC technologies  
Lodz, September 14-16, 2011

<http://eletel.p.lodz.pl/kstit/index.html>

CeBIT, March 1-5, Hannover, Germany

See: <http://www.cebit.de/home> or <http://www.buyusa.gov/germany/en/cebit.html> for more information on U.S. Pavilion and the U.S. Commercial Service programs at this event.

The Regulator:

Office of Electronic Communications - (UKE – Urząd Komunikacji Elektronicznej)

This website contains a wealth of information including tender information and the frequency allocation table. Some of this information is available in the Polish language only.

[www.uke.gov.pl](http://www.uke.gov.pl)

Contacts for Marketing and Advertisement:

Polish-language ComputerWorld, PC World, Net World, and ITC sector rankings (printed and on-line. Marketing and promotion services

IDG Poland: <http://www.idg.com.pl/informacje.html>

IT Reseller (printed and on-line), and TeleInfo, (on-line only), ICT rankings and reports

Published by Migut Media: <http://www.migutmedia.pl/>

CRN (published bi-weekly and daily on-line): <http://www.crn.pl/>

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- Agricultural Sector Best Prospects:
  - [Feed & Fodder \(Intermediate Product\)](#)
  - [Processed Fruit & Vegetables \(Consumer Oriented Product\)](#)
  - [Tree Nuts \(Consumer Oriented Product\)](#)
  - [Wine \(Consumer Oriented Product\)](#)
  - [Salmon Whole \(Fish Products\)](#)
  - [Hardwood Lumber \(Forest Product\)](#)

**Overview**[Return to top](#)

U.S. exports of agricultural products to Poland continue to increase and are expected to reach a record US \$215 million in 2011. While food ingredient exports destined for the hotel/restaurant sector dropped as a result of the economic crisis, feed to the agricultural sector, and high-value and consumer ready products destined to the retail and food processing sectors remained strong.

The Agricultural Affairs Office routinely receives inquiries from the local food importers seeking to expand their range of the U.S. food products. Best prospects for U.S. products are with agricultural feed ingredients such as soybean meal, and with consumer-oriented products such as tree nuts - almonds, wine and beer, seafood - salmon and processed fruit & vegetables - prunes and dry cranberries.

Note: All figures are in Thousands of U.S. Dollars, unless otherwise stated.

Data Source: Global Agricultural Trade System (GATS). The GATS does not track intra-EU transshipments.

**Soybean Meal (HS 230400)**[Return to top](#)

Soybean meal traditionally was sourced from the United States until the recent decade when South American meal's price competitiveness emerged. Given stable domestic demand for vegetable proteins and South America's lower soybean crop forecast, the U.S. is positioned to regain more market share in 2011. Poland imports around 2 million metric tons of soybean meal every season. In 2007, Poland sourced 79 percent of its soybean meal from Argentina, zero from the U.S. In 2010, the U.S. share grew to 13 percent.

Commodity Group: Feed & Fodder  
 Harmonized Schedule Code(s): HS 230400  
 Value in US\$1,000

Year	2008	2009	2010 (p)
2011 (f)			
Total Imports	864,839	693,519	784,260
785,000			
Total Imports from U.S.	11,457	48,321	108,875
115,000			

**Processed Fruits and Vegetables****(HS 200860, 20089949, 20089985, 2002, 081320)**[Return to top](#)

The dried fruits market is experiencing dramatic growth, led by prunes and dry cranberries which have steadily gained in popularity as healthy snack foods. As Polish consumers become more health conscious these products are increasingly desired ingredients in the confectionary, home baking, and snack sectors. These sectors are also showing growing demand: cherries, corn, and tomatoes.

Commodity Group: Processed Fruits & Vegetables  
Harmonized Schedule Code(s): HS 200860, 20089949, 20089985, 2002, 081320  
Value in US\$1,000

Year	2008	2009	2010 (p)
2011 (f)			
Total Imports	103,595	112,955	132,138
135,000			
Total Imports from U.S.	3,448	5,617	4,269
4,500			

**Tree Nuts – Almonds (HS 080212)**[Return to top](#)

Tree nuts sourced from the United States consists primarily of almonds. Almonds are becoming an increasingly popular ingredient in the confectionary, home baking and snack industries. The Almond Board of California is very active on the Polish market, promoting the advantages of using U.S. almonds to both industry and end users. The leading competitor for the United States in the Polish market is Spain.

Commodity Group: Tree Nuts  
Harmonized Schedule Code(s): HS 080212  
Value in US\$1,000

Year	2008	2009	2010 (p)
2011 (f)			
Total Imports	22,600	20,985	21,000
21,500			
Total Imports from U.S.	3,132	3,367	3,497
3,500			

**Wine (HS 2204)**[Return to top](#)

Poland is a leading importer of wine in central Europe. Italy, France, and Spain are the leading suppliers with a combined import market share of nearly 60 percent. The U.S., together with other “new-world” wines, has developed an increasingly good reputation for quality in the Polish market. Given transshipments, the Polish trade estimates the actual figure of direct and in-direct imports of U.S. wine in 2010 at close to \$25 million

Commodity Group: Wine  
 Harmonized Schedule Code(s): HS2204  
 Value in US\$1,000

Year	2008	2009	2010 (p)
2011 (f)			
Total Imports	224,000	185,943	190,000
195,000			
Total Imports from U.S.	1,063	10,175	12,931
13,000			

**Salmon (HS030311)**[Return to top](#)

Consumption of seafood in Poland continues to increase, setting a record for U.S. whole salmon in 2009. Preliminary data for 2010 indicate strong continued interest in the U.S. product. Given its strengthening currency, Poland will likely to remain a growing market for salmon (Sockeye Salmon/Red Salmon), and other seafood, specifically herring and mackerel.

Commodity Group: Salmon  
 Harmonized Schedule Code(s): HS030311  
 Value in US\$1,000

Year	2008	2009	2010 (p)
2011 (f)			
Total Imports	8,470	12,459	11,213
11,500			
Total Imports from U.S.	6,978	11,120	9,834
10,000			

**Hardwood Lumber (HS 440920, 440921, 440929)**[Return to top](#)

The housing market is in recovery after the financial crisis of 2008/09, creating new opportunities for wood products in the local market.

Commodity Group: Hardwood  
 Harmonized Schedule Code(s): HS 440920, 440921, 440929  
 Value in US\$1,000

Year	2008	2009	2010 (p)
2011 (f)			
Total Imports	59,775	43,043	44,927
45,000			
Total Imports from U.S.	440	520	409
450			

## Web Resources:

### Agricultural Reports

#### Attaché Reports

Attaché reports provide information on market opportunities, crop conditions, new policy developments and information on the local food industry. Some standard reports include: Retail Market Report, Exporter Guide, Food Service Report, and market briefs on select products. Attaché reports can be found at <http://www.fas.usda.gov/scripts/attacherep/default.asp><sup>139</sup>. In recent years, many of the reports have been consolidated and are submitted as EU reports. We recommend that companies interested in the market covered by our Post also review the EU-27 reports.

#### Trade Data:

Please refer to: The USDA Foreign Agricultural Service's Global Agricultural Trade System (GATS). GATS includes international agricultural, fish, forest and textile products trade statistics dating from the inception of the Harmonized coding system in 1989 to present.

Available at: <http://www.fas.usda.gov/gats/default.aspx>

For more information, please contact:

Foreign Agricultural Section  
American Embassy Warsaw, Poland  
<http://poland.usembassy.gov/poland/agric.html>  
Tel: +48 22 504 2336  
Fax: +48 22 504 2320  
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## Chapter 5: Trade Regulations, Customs and Standards

- [Import Tariffs](#)
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### Import Tariffs

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Upon its accession to the European Union on May 1, 2004, Poland became part of the EU customs union. This means that the same import duty rates are applicable in all member states. Tariff rates are contained in the European Union's Common External Tariff. Information on the customs duty rates is available from the Electronic Integrated Community Tariff (TARIC).

Key Link:

<http://www.mofnet.gov.pl/index.php?const=2&dzial=550&wysw=4>

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

### Trade Barriers

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All business entities operating in Poland (including foreign companies) have equal access to international trade. However, this access is subject to trade policy measures introduced by the EU, which Poland as a member is obliged to observe.

There are certain licensing requirements, not related to commercial policy, for trading in dual-use (i.e. both civil and military use) goods and technologies; in certain chemicals, particularly narcotic drugs and psychotropics; or in cultural goods.

Separate arrangements are applied to trade in certain agricultural products under the Common Agricultural Policy (CAP), including export/import licensing, quantitative restrictions, export refunds or preferential tariff arrangements. In Poland, licenses and permits for trading in goods that require such licenses or permits are issued by the Minister of Economy and, in the case of agricultural products, by the Agricultural Market Agency.



For information on existing trade barriers, please see the National Trade Estimate Report on Foreign Trade Barriers, published by USTR and available through the following website:  
[http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset\\_upload\\_file348\\_15473.pdf](http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file348_15473.pdf).

Information on agricultural trade barriers can be found at the following website:  
<http://www.fas.usda.gov/posthome/useu/>

To report existing or new trade barriers and get assistance in removing them, contact either the Trade Compliance Center at <http://www.trade.gov/tcc> or the U.S. Mission to the European Union at <http://www.buyusa.gov/europeanunion>.

## **Import Requirements and Documentation**

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The Integrated Tariff of the Community, referred to as TARIC (Tarif Intégré de la Communauté), is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a license is required for a particular product, check the TARIC.

The TARIC can be searched by country of origin, Harmonized System (HS) Code, and product description on the interactive website of the Directorate-General for Taxation and the Customs Union. The online TARIC is updated daily.

Poland, like many other EU member states, maintains its own list of goods subject to import licensing. Poland's "import list" includes goods for which licenses are required, their code numbers, as well as any applicable restrictions. The relevant bodies for issuing licenses for import of goods are: Ministry of Economy, Department of Trade Administration: tel: +48 22 693 55 53, e-mail: [sekretariatDAO@mg.gov.pl](mailto:sekretariatDAO@mg.gov.pl) for industrial goods; and Agricultural Market Agency Foreign Trade Administration Department, tel: +48 22 661 7133, e-mail: [sekretariat\\_baotzz@arr.gov.pl](mailto:sekretariat_baotzz@arr.gov.pl) for agricultural and food products.

### **Import Documentation**

#### **Non-agricultural Documentation**

The official model for written declarations to customs is the Single Administrative Document (SAD). European Free Trade Association (EFTA) countries including Norway, Iceland, Switzerland, and Liechtenstein also use the SAD. However, other forms may be used for this purpose. Information on import/export forms is contained in Title VII, of Council Regulation (EEC) No. 2454/93, which lays down provisions for the implementation of Council Regulation (EEC) No. 2913/92 establishing the Community Customs Code (Articles 205 through 221). Articles 222 through 224 provide for computerized customs declarations and Articles 225 through 229 provide for oral declarations.

Additional information on import/export documentation can be found in Title III of Council Regulation (EEC) No. 2913/92 of October 12, 1992, establishing the Community Customs Code (Articles 37 through 57). Goods brought into the customs territory of the

Community are, from the time of their entry, subject to customs supervision until customs formalities are completed.

Goods presented to customs are covered by a summary declaration, which is lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which cannot be extended beyond the first working day following the day on which the goods are presented to customs. The summary declaration can be made on a form corresponding to the model prescribed by the customs authorities. However, the customs authorities may permit the use, as a summary declaration, of any commercial or official document that contains the particulars necessary for identification of the goods. It is encouraged that the summary declaration be made in computerized form.

The summary declaration is to be lodged by:

- the person who brought the goods into the customs territory of the Community or by any person who assumes responsibility for carriage of the goods following such entry; or
- the person in whose name the person referred to above acted.

Non-EU goods presented to customs must be assigned a customs-approved treatment or use authorized for such non-Community goods. Where goods are covered by a summary declaration, the formalities for them to be assigned a customs-approved treatment or use must be carried out:

- 45 days from the date on which the summary declaration is lodged in the case of goods carried by sea;
- 20 days from the date on which the summary declaration is lodged in the case of goods carried other than by sea.

Where circumstances so warrant, the customs authorities may set a shorter period or authorize an extension of the period.

The Modernized Customs Code (MCC) of the European Union is expected to be fully put into place by 2013 although there are concerns that this deadline may be missed due to the complexity of the project. Some facets of the MCC implementation have already been put into place such as EU wide Economic Operators Registration and Identification (EORI) numbers. The MCC will replace the existing Regulation 2913/92 and simplify various procedures such as introducing a paperless environment, centralized clearance, and more. Check the EU's Customs website periodically for updates:

[http://ec.europa.eu/taxation\\_customs/customs/procedural\\_aspects/general/community\\_code/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/procedural_aspects/general/community_code/index_en.htm).

## REACH

REACH is a major reform of EU chemicals policy that was adopted in December 2006 and became national law in the 27 EU member states in June 2007 (Regulation 1907/2006). Virtually every industrial sector, from automobiles to textiles, is affected by the new policy. REACH stands for the "Registration, Evaluation and Authorization and Restriction of Chemicals." Since June 1, 2008, REACH requires chemicals produced or imported into the EU in volumes above 1 ton per year to be registered with a central European Chemicals Agency (ECHA), including information on their properties, uses and safe ways of handling them. Chemicals pre-registered before December 1, 2008,

benefit from extended registration deadlines, from three to eleven years depending on the volume of the substance and its hazardous properties. U.S. companies without a presence in Europe cannot register directly and must have their chemicals registered through their importer or EU-based 'Only Representative of non-EU manufacturer'. A list of Only Representatives can be found on the website of the U.S. Mission to the EU: <http://www.buyusa.gov/europeanunion/reach.html>.

U.S. exporters to the EU should carefully consider the REACH 'Candidate List' of substances of very high concern. Substances on that list are subject to communication requirements, and, at a later stage, may require authorization for the EU market. For more information, see the ECHA website: [http://echa.europa.eu/chem\\_data/authorisation\\_process/candidate\\_list\\_table\\_en.asp](http://echa.europa.eu/chem_data/authorisation_process/candidate_list_table_en.asp)

## WEEE & RoHS

EU rules on Waste Electrical and Electronic Equipment (WEEE), while not requiring specific customs or import paperwork, may entail a financial obligation for U.S. exporters. They require U.S. exporters to register the products with a national WEEE authority, or arrange for this to be done by a local partner. Similarly, related rules for EEE Restricting the Use of Hazardous Substances (RoHS) lead, cadmium, mercury, hexavalent chromium, PBBs, and PBDEs, do not entail customs or importation paperwork. However, U.S. exporters may be asked by a European RoHS enforcement authority or by a customer to provide evidence of due diligence in compliance with the substance bans on a case-by-case basis. The WEEE and RoHS Directives are currently being revised to enlarge the scope and add substances to be banned in electrical and electronic equipment; U.S. exporters seeking more information on WEEE and RoHS regulations should visit: <http://www.buyusa.gov/europeanunion/weee.html>.

## Agricultural Documentation

**Phytosanitary Certificates:** Phytosanitary certificates are required for most fresh fruits, vegetables, and other plant materials.

**Sanitary Certificates:** For commodities composed of animal products or by-products, EU countries require that shipments be accompanied by a certificate issued by the competent authority of the exporting country. This applies regardless of whether the product is for human consumption, for pharmaceutical use, or strictly for non-human use (e.g., veterinary biologicals, animal feeds, fertilizers, research). The vast majority of these certificates are uniform throughout the EU, but the harmonization process is not complete. During this transition period, certain member state import requirements continue to apply. In addition to the legally required EU health certificates, a number of other certificates are used in international trade. These certificates, which may also be harmonized in EU legislation, certify origin for customs purposes and certain quality attributes. Up-to-date information on harmonized import requirements can be found at the following website: <http://www.fas.usda.gov/posthome/Useu/certificates-overview.html>

**Sanitary Certificates (Fisheries):** In April 2006, the European Union declared the U.S. seafood inspection system as equivalent to the European one. Consequently, a specific public health certificate must accompany U.S. seafood shipments. Commission Decision 2006/199/EC lays down specific conditions on imports of fishery products from the U.S. Unlike for fishery products, the U.S. shellfish sanitation system is not equivalent to EU's

one. The EU and the US are currently negotiating a veterinary equivalency agreement on shellfish. In the meantime the EU has put a ban in place since July 1, 2010, that prohibits the import of US bivalve mollusks, in whatever form, into the EU territory. This ban doesn't apply to wild roe-off scallops.

With the implementation of the second Hygiene Package, aquaculture products coming from the United States must be accompanied by a public health certificate according to Commission Decision 2006/199/EC and the animal health attestation included in the new fishery products certificate, covered by Regulation (EC) 1250/2008. This animal health attestation is not required in the case of live bivalve mollusks intended for immediate human consumption (retail).

Since June 2009, the unique U.S. competent authority for issuing sanitary certificates for fishery and aquaculture products is the U.S. Department of Commerce, National Marine Fisheries Service (NOAA-NMFS).

In addition to sanitary certificates, all third countries wishing to export fishery products to the EU are requested to provide a catch certificate. This catch certificate certifies that the products in question have been caught legally.

For further information on the issuance of this specific certificate please see the link below.

For detailed information on import documentation for seafood, please contact the NOAA Fisheries office at the U.S. Mission to the EU ([stephane.vrignaud@trade.gov](mailto:stephane.vrignaud@trade.gov)) or visit the following NOAA dedicated web site: [http://www.seafood.nmfs.noaa.gov/EU\\_Export.html](http://www.seafood.nmfs.noaa.gov/EU_Export.html)

## **U.S. Export Controls**

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A validated U.S. export license is required prior to shipping certain controlled commodities to Poland, as provided under the U.S. Department of Commerce's Bureau of Industry and Security Commodity Control List. For more information and assistance, please contact BIS's Office of Exporter Services at (202) 482-4811 or refer to BIS's web site at <http://www.bis.doc.gov>.

Poland is a member of the Wassenaar Arrangement and has established its own export control regime for munitions and dual use commodities. That regime is managed by the Polish Ministry of Economy, Export Control Department. Key link: <http://www.mg.gov.pl/Gospodarka/DKE/Akty#>.

## **Temporary Entry**

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A permit is also required for the temporary import of goods, which takes place under the supervision of Polish customs officials. Written confirmation is required, stating that the goods will be sent from Poland on specific dates. A deposit is required for the import of the goods subject to clearance, which must equal the value of the goods to be exported or the total import customs duty and taxes. Commercial samples of zero or low value can usually be imported free of customs duty by means of a written statement to Polish customs confirming the value of the sample and that it will stay in the possession of the importing entity. Promotional materials must be clearly marked "no commercial value" in order to clear customs. Temporary imports may also enter Poland under an ATA Carnet.

Info on ATA Carnet: [http://www.export.gov/logistics/eg\\_main\\_018129.asp](http://www.export.gov/logistics/eg_main_018129.asp)

## **Labeling and Marking Requirements**

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An overview of EU mandatory and voluntary labeling and marking requirements has been compiled in a market research report that is available at:  
[http://www.buyusainfo.net/docs/x\\_4171929.pdf](http://www.buyusainfo.net/docs/x_4171929.pdf).

## **Prohibited and Restricted Imports**

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The import of certain commodities into Poland is prohibited, usually as the result of international sanctions. A variety of goods and commodities are subject to import (and export) restrictions to protect the safety and lives of humans, animals and plants, safeguard national security, or to protect artistic, cultural or intellectual property. Examples would be restrictions and controls on the import of certain food products, drugs, pharmaceuticals, environmentally hazardous products, seeds, weapons, explosives, and antiques.

As an EU member, Poland adheres to EU-wide business directives and requires local market compliance.

There is an online customs tariff database, called TARIC, which is designed to show various rules applying to specific products being imported into the customs territory of the EU or, in some cases, when exported from it. To determine if a product is prohibited or subject to restriction, check the TARIC for that product for the following codes:

CITES	Convention on International Trade of Endangered Species
PROHI	Import Suspension
RSTR	Import Restriction

For information on how to access the TARIC, see the Import Requirements and Documentation Section above.

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

## **Customs Regulations and Contact Information**

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Please consult the homepage of Taxation and Customs Union Directorate (TAXUD) Website -

Key Link: [http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

Major Regulatory Efforts of the EC Taxation and Customs Union Directorate:

**Electronic Customs Initiative** – This program concerns major EU Customs modernization developments intended to improve and facilitate trade in the EU Member States. The electronic customs initiative is essentially based on the following three pieces of legislation:

- The [Security and Safety Amendment to the Customs Code](#), which provides for full computerization of all procedures related to security and safety;
- The Decision on the paperless environment for customs and trade ([Electronic Customs Decision](#)) which sets the basic framework and major deadlines for the electronic customs projects;
- The [modernized Community Customs Code](#) which provides for the completion of the computerization of customs

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

**Customs Valuation** – Most customs duties and value added tax (VAT) are expressed as a percentage of the value of goods being declared for importation. Thus, it is necessary to dispose of a standard set of rules for establishing the goods' value, which will then serve for calculating the customs duty.

The EU imports in excess of one trillion Euro worth of goods (2004 estimate). It is vitally important that the value of such commerce is accurately measured, for the purposes of

- economic and commercial policy analysis,
- application of commercial policy measures,
- proper collection of import duties and taxes, and
- import and export statistics.

These objectives are met using a single instrument - the rules on customs value. The EU applies an internationally accepted concept of '[customs value](#)'.

The value of imported goods is one of the three 'elements of taxation' that provides the basis for assessment of the customs debt, which is the technical term for the amount of duty that has to be paid, the other ones being the origin of the goods and the customs tariff.

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm)

**Customs and Security** – New EU customs security rules enter into force on January 1, 2011. At the end of July 2003, the Commission presented to the Parliament and Council a series of measures to address security issues. These measures can be found in [two communications and a proposal for amending the Community Customs Code](#). This package brings together the basic concepts underlying the new security-management model for the EU's external borders, such as a harmonized risk assessment system. The security amendment to the Community Customs Code ([Regulation \(EC\) n° 648/2005 of 13 April 2005](#)) has been published in the Official Journal of the European Union on 4 May 2005. With this amendment, the European Union introduces a number

of measures to tighten security around goods crossing international borders. The measures will mean faster and better-targeted checks. The result of these measures conveys benefits to customs authorities, the public and industry.

The measures cover three major changes to the Customs Code:

- requirement for traders to provide customs authorities with information on goods prior to import to or export from the European Union (see [Pre Arrival / Pre Departure Declarations](#));
- provide reliable traders with trade facilitation measures see [Authorized Economic Operator](#) (AEO);
- introduce a mechanism for setting uniform Community risk-selection criteria for controls, supported by computerized systems.

Key Link:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Contact Information at national customs authorities:

<http://www.mofnet.gov.pl/index.php?const=2&dzial=550&wysw=4>

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

## Standards

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## Overview

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Products tested and certified in the United States to American standards will likely need to be retested and re-certified according to EU requirements as a result of the EU's different approach to the protection of the health and safety of consumers and the environment. Where products are not regulated by specific EU technical legislation, they are always subject to the EU's General Product Safety Directive as well as to possible additional national requirements.

European Union standards created under the New Approach are harmonized across the 27 EU member states and European Economic Area countries to allow for the free flow



of goods. A feature of the New Approach is CE marking. For a list of this new approach to legislation, go to [http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm).

While harmonization of EU legislation can facilitate access to the EU Single Market, manufacturers should be aware that regulations (mandatory) and technical standards (voluntary) might also function as barriers to trade if U.S. standards are different from those of the European Union.

### Agricultural Standards

The establishment of harmonized EU rules and standards in the food sector has been ongoing for several decades, but it took until January 2002 for the publication of a general food law establishing the general principles of EU food law. This regulation introduced mandatory traceability throughout the feed and food chain as of Jan 1, 2005. For specific information on agricultural standards, please refer to the Foreign Agricultural Service's website at: <http://www.fas.usda.gov/posthome/Useu/>.

There are also export guides to import regulations and standards available on the Foreign Agricultural Service's website: <http://www.fas.U.S.da.gov/posthome/Useu/>.

### Standards Organizations

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The Polish Committee for Standardization (PKN) is the only Polish body that creates standards. Since Poland joined the European Union, Polish standards have been adjusted to meet the EU Standards, a system based on greater harmonization with international standards in general. PKN sells standards documents electronically: <https://sklep.pkn.pl/>.

PKN also participates in the development of standards within international structures, European structures, and on a national scale: <http://www.pkn.pl/en>.

EU standards setting is a process based on consensus initiated by Industry or mandated by the European Commission and carried out by independent standards bodies, acting at the national, European or international level. There is strong encouragement for non-governmental organizations, such as environmental and consumer groups, to actively participate in European standardization.

Many standards in the EU are adopted from international standards bodies such as the International Standards Organization (ISO). The drafting of specific EU standards is handled by three European standards organizations:

- CENELEC, The European Committee for Electrotechnical Standardization (<http://www.cenelec.eu/Cenelec/Homepage.htm>);
- ETSI, The European Telecommunications Standards Institute (<http://www.etsi.org>);
- CEN, The European Committee for Standardization, handling all other standards (<http://www.cen.eu/cenorm/homepage.htm>).



Standards are created or modified by experts in Technical Committees or Working Groups. The members of CEN and CENELEC are the national standards bodies of the member states, which have "mirror committees" that monitor and participate in ongoing European standardization. CEN and CENELEC standards are sold by the individual member states standards bodies. ETSI is different in that it allows direct participation in its technical committees from non-EU companies that have interests in Europe and gives away some of its individual standards at no charge on its website. In addition to the three standards developing organizations, the European Commission plays an important role in standardization through its funding of the participation in the standardization process of small- and medium-sized companies and non-governmental organizations, such as environmental and consumer groups. The Commission also provides money to the standards bodies when it mandates standards development to the European Standards Organization for harmonized standards that will be linked to EU technical legislation. Mandates can be examined on line at [http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm).

Due to the EU's vigorous promotion of its regulatory and standards system as well as its generous funding for its development, the EU's standards regime is wide and deep - extending well beyond the EU's political borders to include affiliate members (countries which are hopeful of becoming full members in the future) such as Albania, Belarus, FYR Macedonia, and Turkey among others. Another category, called "partner standardization body" includes the standards organization of Australia, which is not likely to become a CEN member or affiliate for political and geographical reasons. Many other countries are targets of the EU's extensive technical assistance program, which is aimed at exporting EU standards and technical regulations to developing countries, especially in the Mediterranean and Balkan countries, Africa, as well as programs for China and Latin America.

To know what CEN and CENELEC have in the pipeline for future standardization, it is best to visit their websites. CEN's "sectors" page provides an overview by sector and/or technical committee whereas CENELEC offers the possibility to search its database. ETSI's portal ([http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)) leads to ongoing activities.

With the need to adapt more quickly to market needs, European standards organizations have been looking for "new deliverables" which are standard-like products delivered in a shorter timeframe. While few of these "new deliverables" have been linked to EU legislation, expectations are that they will eventually serve as the basis for EU-wide standards.

Key Link: <http://www.cen.eu/cenorm/products/cwa/index.asp>

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

**Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

## Conformity Assessment

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Conformity Assessment is a mandatory step for the manufacturer in the process of complying with specific EU legislation. The purpose of conformity assessment is to ensure consistency of compliance during all stages, from design to production, to facilitate acceptance of the final product. EU product legislation gives manufacturers some choice with regard to conformity assessment, depending on the level of risk involved in the use of their product. These range from self-certification, type examination and production quality control system, to full quality assurance system. Conformity assessment bodies in individual member states are listed in NANDO, the European Commission's website.

Key Link: <http://ec.europa.eu/enterprise/newapproach/nando/>

To promote market acceptance of the final product, there are a number of voluntary conformity assessment programs. CEN's certification systems are the Keymark, the CENCER mark, and CEN workshop agreements (CWA) Certification Rules. CENELEC has its own initiative. ETSI does not offer conformity assessment services.

## Product Certification

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In Poland, the leading organization in testing and certification is the Polish Center for Testing and Certification (PCBC). With almost 50 years of experience, this organization also certifies management systems and trains personnel. PCBC is a member of many international and European organizations acting in the field of quality management, conformity assessment of products and systems and also training and certification of personnel. PCBC is the EU Notified Body No. 1434 for 11 New Approach Directives and it strives to extend its scope of notification.

The PCBC runs activities in the scope of:

- Certification of management systems (certificates of PCBC and IQNet);
- Conformity assessment of products and management systems according to notifications;
- Certification for voluntary marks: B, Q, EKO, Ecolabel;
- Certification of ecological farms;
- Certification of personnel;
- Testing of products;
- Organization of training and improvement of personnel in the field of quality (testing, certification, accreditation);
- International cooperation.

Key link: <http://www.pcbc.gov.pl/english/>

To sell products on the EU market of 27 member states as well as Norway, Liechtenstein and Iceland, U.S. exporters are required to apply CE marking whenever their product is covered by specific product legislation. CE marking product legislation offers manufacturers a number of choices and requires decisions to determine which

safety/health concerns need to be addressed, which conformity assessment module is best suited to the manufacturing process, and whether or not to use EU-wide harmonized standards. There is no easy way for U.S. exporters to understand and go through the process of CE marking, but hopefully this section provides some background and clarification.

Products manufactured to standards adopted by CEN, CENELEC and ETSI, and published in the Official Journal as harmonized standards, are presumed to conform to the requirements of EU Directives. The manufacturer then applies the CE marking and issues a declaration of conformity. With these, the product will be allowed to circulate freely within the EU. A manufacturer can choose not to use the harmonized EU standards, but then must demonstrate that the product meets the essential safety and performance requirements. Trade barriers occur when design standards - rather than performance standards – are developed by the relevant European standardization organization, and when U.S. companies do not have access to the standardization process through a European presence.

The CE marking addresses itself primarily to the national control authorities of the member states, and its use simplifies the task of essential market surveillance of regulated products.

The CE marking is not intended to include detailed technical information on the product, but there must be enough information to enable the inspector to trace the product back to the manufacturer or the authorized representative established in the EU. This detailed information should not appear next to the CE marking, but rather on the declaration of conformity (which the manufacturer or authorized agent must be able to provide at any time, together with the product's technical file), or on the documents accompanying the product.

## Accreditation

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Independent certification bodies, known as notified bodies, have been officially accredited by competent national authorities to test and certify to EU requirements. However, under U.S.-EU Mutual Recognition Agreements (MRAs), notified bodies based in the United States and referred to as conformity assessment bodies, are allowed to test in the United States to EU specifications, and vice versa. The costs are significantly lower which results in U.S. products becoming more competitive. At this time, the U.S.-EU MRAs cover the following sectors: EMC (in force), RTTE (in force), medical devices (in transition), pharmaceutical (on hold), recreational craft (in force) and marine equipment (in force). The U.S. Department of Commerce, National Institute of Standards and Technology (NIST), has a link on its website to American and European Conformity Assessment bodies operating under a mutual recognition agreement.

Key Link: <http://ts.nist.gov/Standards/Global/mra.cfm>

Accreditation is handled at Member State level. "European Accreditation" (<http://www.european-accreditation.org/content/home/home.htm>) is an organization representing nationally recognized accreditation bodies. Membership is open to nationally recognized accreditation bodies in countries in the European geographical area that can demonstrate that they operate an accreditation system compatible with EN45003 or ISO/IEC Guide 58.

The national organization dealing with accreditation in Poland is the Polish Center for Accreditation (PCA). It is the competent authority to conduct accreditation of certification and inspection bodies. Its scope of activities include: calibration, testing, product certification, quality system certification, personnel certification, EMS certification and inspection. Key link: <http://www.pca.gov.pl/english/>

## **Publication of Technical Regulations**

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The Official Journal is the official gazette of the European Union. It is published daily on the internet and consists of two series covering draft and adopted legislation as well as case law, studies by committees, and more (<http://eur-lex.europa.eu/JOIndex.do>). It lists the standards reference numbers linked to legislation ([http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)).

National technical Regulations are published on the Commission's website [http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm) to allow other countries and interested parties to comment.

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT) Agreement to report to the WTO all proposed technical regulations that could affect trade with other member countries. Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect access to international markets. Register online at Internet URL: <https://tsapps.nist.gov/notifyus/data/index/index.cfm>.

## **Labeling and Marking**

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Manufacturers should be mindful that, in addition to the EU's mandatory and voluntary schemes, national voluntary labeling schemes might still apply. These schemes may be highly appreciated by consumers, and thus, become unavoidable for marketing purposes.

Manufacturers are advised to take note that all labels require metric units although dual labeling is also acceptable. The use of language on labels has been the subject of a Commission Communication, which encourages multilingual information, while preserving the right of Member States to require the use of language of the country of consumption.

The EU has mandated that certain products be sold in standardized quantities. Council Directive 2007/45/EC, harmonizes packaging of wine and spirits throughout the EU. Existing national sizes will be abolished with a few exceptions for domestic producers.

Key Link: [http://ec.europa.eu/enterprise/prepack/packsize/packsiz\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm)

### **The Eco-label**

The EU eco-label is a voluntary label which US exporters can display on products that meet high standards of environmental awareness. The eco-label is intended to be a

marketing tool to encourage consumers to purchase environmentally-friendly products. The criteria for displaying the eco-label are strict, covering the entire lifespan of the product from manufacture, to use, to disposal. These criteria are reviewed every three to five years to take into account advances in manufacturing procedures. There are currently twenty-three different product groups, and approximately 250 licenses have been awarded for several hundred products.

Applications to display the eco-label should be directed to the competency body of the member state in which the product is sold. The application fee will be somewhere between €300 and €1300 depending on the tests required to verify if the product is eligible. The eco-label also carries an annual fee equal to 0.15% of the annual volume of sales of the product range within the European community. However, the minimum annual fee is currently set at €500 and maximum €25,000.

There are plans to significantly reform the eco-label in the near future, reducing the application and annual fees and expanding the product ranges significantly. It is also possible that future eligibility criteria may take into account carbon emissions.

Key Links:

[Eco-label Home Page](#)

[Product Categories eligible for the Eco-label](#)

[Eco-Label Catalogue](#)

[List of Competent Bodies](#)

[Revision of the Eco-label](#)

[The Eco-label and Carbon Footprint](#)

## **Contacts**

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U.S. Mission to the E.U.  
U.S. Commercial Service -CSEU  
Zinnerstraat 13 Rue Zinner  
BE-1000 Brussels  
Fax: 32 2 513 1228  
Sylvia Mohr – Standards Specialist  
sylvia.mohr@mail.doc.gov  
Tel: 32 2 508 2675  
Fax: 32 2 513 1228

CEN – European Committee for Standardization  
<http://www.cen.eu/cenorm/homepage.htm>

CENELEC – European Committee for Electrotechnical Standardization  
<http://www.cenelec.eu/Cenelec/Homepage.htm>

ETSI - European Telecommunications Standards Institute  
<http://www.etsi.org/WebSite/homepage.aspx>

European Commission

[http://ec.europa.eu/enterprise/standards\\_policy/index\\_en.htm](http://ec.europa.eu/enterprise/standards_policy/index_en.htm)

EFTA – European Free Trade Association

<http://www.efta.int/>

NORMAPME – European Office of Crafts Trades and Small and Medium-Sized

<http://www.normapme.com/>

ANEC - European Association for the Co-ordination of Consumer Representation in Standardization

<http://www.anec.org/anec.asp>

ECOS – European Environmental Citizens Organization for Standardization

Boulevard de Waterloo 34

B – 1000 Brussels, Belgium

Tel: 32 2 289 10 93

Fax: 32 2 289 10 99

Email: [info@eeb.org](mailto:info@eeb.org)

<http://www.ecostandard.org/>

EOTA – European Organization for Technical Approvals (for construction products)

Avenue des Arts 40

B – 1040 Brussels, Belgium

Tel: 32 2 502 69 00

Fax: 32 2 502 38 14

Email: [info@eota.be](mailto:info@eota.be)

<http://www.eota.be/>

## Trade Agreements

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For a list of trade agreements with the EU and its member states, as well as concise explanations, please see [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp).

## Web Resources

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### EU Websites:

Online customs tariff database (TARIC):

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/tariff\\_aspects/customs\\_tariff/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/tariff_aspects/customs_tariff/index_en.htm)

The Modernized Community Customs Code (MCCC):

[http://ec.europa.eu/taxation\\_customs/common/consultations/customs/article\\_1507\\_en.htm](http://ec.europa.eu/taxation_customs/common/consultations/customs/article_1507_en.htm)

ECHA: [http://echa.europa.eu/doc/press/pr\\_08\\_38\\_candidate\\_list\\_20081028.pdf](http://echa.europa.eu/doc/press/pr_08_38_candidate_list_20081028.pdf)

Taxation and Customs Union:

[http://ec.europa.eu/taxation\\_customs/customs/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/index_en.htm)

Regulation (EC) 648/2005:

Security and Safety Amendment to the Customs Code

Decision N° 70/2008/EC:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

Regulation (EC) 450/2008): [Modernized Community Customs Code](#)

Legislation related to the Electronic Customs Initiative:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/electronic\\_customs\\_initiative/electronic\\_customs\\_legislation/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/electronic_customs_initiative/electronic_customs_legislation/index_en.htm)

International Level: [Customs value](#)

What is Customs Valuation?

[http://ec.europa.eu/taxation\\_customs/customs/customs\\_duties/declared\\_goods/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/customs_duties/declared_goods/index_en.htm)

Customs and Security:

[http://ec.europa.eu/taxation\\_customs/customs/policy\\_issues/customs\\_security/index\\_en.htm](http://ec.europa.eu/taxation_customs/customs/policy_issues/customs_security/index_en.htm)

Establishing the Community Customs Code:

[Regulation \(EC\) n° 648/2005 of 13 April 2005](#)

Pre Arrival/Pre Departure Declarations: [Pre Arrival / Pre Departure Declarations](#)

AEO: [Authorized Economic Operator](#)

Contact Information at National Customs Authorities:

[http://ec.europa.eu/taxation\\_customs/taxation/personal\\_tax/savings\\_tax/contact\\_points/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/personal_tax/savings_tax/contact_points/index_en.htm)

New Approach Legislation: [http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)

Cenelec, European Committee for Electrotechnical Standardization:

<http://www.cenelec.eu/Cenelec/Homepage.htm>

ETSI, European Telecommunications Standards Institute: <http://www.etsi.org/>

CEN, European Committee for Standardization, handling all other standards:

<http://www.cen.eu/cenorm/homepage.htm>

Standardisation – Mandates:

[http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/standardisation-requests/index_en.htm)

ETSI – Portal – E-Standardisation : [http://portal.etsi.org/Portal\\_Common/home.asp](http://portal.etsi.org/Portal_Common/home.asp)

CEN – Sector Fora: <http://www.cen.eu/cenorm/sectors/index.asp>

Mutual Recognition Agreements (MRAs): [http://ec.europa.eu/enterprise/policies/single-market-goods/international-aspects/mutual-recognition-agreement/index\\_en.htm](http://ec.europa.eu/enterprise/policies/single-market-goods/international-aspects/mutual-recognition-agreement/index_en.htm)

European Co-operation for Accreditation:  
<http://www.european-accreditation.org/content/home/home.htm>

Eur-Lex – Access to European Union Law:  
<http://eur-lex.europa.eu/en/index.htm>

Standards Reference Numbers linked to Legislation:  
[http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index\\_en.htm](http://ec.europa.eu/enterprise/policies/european-standards/documents/harmonised-standards-legislation/list-references/index_en.htm)  
<http://ec.europa.eu/enterprise/newapproach/standardization/harmstds/whatsnew.html>

National technical Regulations: [http://ec.europa.eu/enterprise/tris/index\\_en.htm](http://ec.europa.eu/enterprise/tris/index_en.htm)

NIST - Notify us: <http://tsapps.nist.gov/notifyus/data/index/index.cfm>

Metrology, Pre-Packaging – Pack Size:  
[http://ec.europa.eu/enterprise/prepack/packsize/packsiz\\_en.htm](http://ec.europa.eu/enterprise/prepack/packsize/packsiz_en.htm)

European Union Eco-label Homepage:  
[http://ec.europa.eu/comm/environment/ecolabel/index\\_en.htm](http://ec.europa.eu/comm/environment/ecolabel/index_en.htm)

Eco-Label Catalogue: <http://www.eco-label.com/default.htm>

## **U.S. Websites:**

National Trade Estimate Report on Foreign Trade Barriers:  
<http://www.ustr.gov/about-us/press-office/reports-and-publications/2009/2009-national-trade-estimate-report-foreign-trad>

Agricultural Trade Barriers:  
<http://www.fas.usda.gov/posthome/useu/>

Trade Compliance Center: <http://www.trade.gov/tcc>

U.S. Mission to the European Union: <http://www.buyusa.gov/europeanunion>

The New EU Battery Directive: [http://www.buyusainfo.net/docs/x\\_8086174.pdf](http://www.buyusainfo.net/docs/x_8086174.pdf)

The Latest on REACH: <http://www.buyusa.gov/europeanunion/reach.html>

WEEE and RoHS in the EU: <http://www.buyusa.gov/europeanunion/weee.html>



Center for Food Safety and Applied Nutrition: <http://www.cfsan.fda.gov/>

EU Marking, Labeling and Packaging – An Overview  
[http://www.buyusainfo.net/docs/x\\_4171929.pdf](http://www.buyusainfo.net/docs/x_4171929.pdf).

The European Union Eco-Label: [http://buyusainfo.net/docs/x\\_4284752.pdf](http://buyusainfo.net/docs/x_4284752.pdf)

Trade Agreements: [http://tcc.export.gov/Trade\\_Agreements/index.asp](http://tcc.export.gov/Trade_Agreements/index.asp)

### **Polish Websites:**

Polish Ministry of Economy, Export Control Department:  
[www.mg.gov.pl](http://www.mg.gov.pl)

Ministry of Finance:  
<http://www.mf.gov.pl/>

Polish Center for Accreditation  
<http://www.pca.gov.pl/english/>

Polish Center for Testing and Certification (PCBC)  
<http://www.pcbc.gov.pl/english/>

Polish Committee for Standardization:  
<http://www.pkn.pl>

International cooperation (PKN):  
[http://www.pkn.pl/?pid=en\\_int\\_cooperation](http://www.pkn.pl/?pid=en_int_cooperation)

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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Foreign investment has been at the center of Poland's economic transformation since 1989. It is broadly welcomed not only as a source of finance, but also as a means of technology transfer, human resource development, and Polish integration into global supply chains and R&D. Since 1990, Poland has attracted over \$180 billion in foreign direct investment (FDI), principally from Western Europe and the United States. Investors report they are attracted to Poland's young, well educated, low-cost work force; its proximity to major markets; its membership in the European Union (EU); its political stability; and its long-term growth prospects. Foreign companies invest largely, though not exclusively, to service Poland's dynamic local market of nearly 40 million people and the larger European market of nearly 500 million. Foreign companies generally enjoy unrestricted access to the Polish market. However, Polish law limits foreign ownership of companies in selected strategic sectors, and limits foreign acquisition of real estate, especially agricultural land.

Poland ranked a relatively low 70 in the World Bank's 2010 "Doing Business" report, due in part to burdensome business regulation, a cumbersome tax system, and slow permitting. In recent years, Poland has introduced reforms to improve the climate for foreign and domestic investment. In 2007-2010, telecommunication regulations were relaxed, the foreign exchange law was simplified, the overall tax burden was reduced, new acts shaping public-private partnerships came into force, starting and closing a business and registering property became easier, and positive changes appeared on the

labor market. Work to improve the bankruptcy law and the administration of real estate registers continues, while national and local governments are working to introduce a “zero-stop shop” process of easing new business registration. Despite these reforms, many foreign investors complain of an overly burdensome regulatory environment.

### **EU Integration**

Integration into the EU has been a gradual process. In the years prior to Poland’s May 1, 2004, accession to the EU, Polish governments undertook widespread institutional and regulatory reforms. Adoption of EU legislation allowed Poland to reform the way in which its economy is regulated and restrict government intervention in the private sector. Changes in areas such as financial markets, company and competition law, accounting, and intellectual property rights have created a better environment for business.

When it acceded to the EU, Poland committed to adopt the Euro at a future date not specified. Prime Minister Tusk’s effort to bring Poland into the Eurozone in 2012 was derailed by the global economic crisis. Though no new date has been set, 2015 or later is now considered more realistic.

Since 2004, Poland’s accession has come to be perceived by many firms as having reduced Poland’s country and investment risks. EU membership also resulted in an influx of billions of Euros in new financial resources such as structural funds and the Cohesion Fund, which can be used to support investments in transport infrastructure, environmental protection, and introduction of new production technologies. Access to EU aid funds helped Poland keep its head above water during the recent financial crisis.

With a 1.8% increase in output in 2009, Poland was the only EU member state to post growth as the global crisis battered other economies.

### **Major Laws and Regulations**

The basic legal framework for establishing and operating companies in Poland, and in particular companies with foreign investors, is found in the Commercial Companies Code which entered into force in January 2001, and the Law on Freedom of Economic Activity, which entered into force on July 2, 2004. Also relevant is the Act on European Economic Interest Grouping and the European Company of March 4, 2005 which allows a “European Company” to move its registered office from one EU state to another without losing legal personality.

With few exceptions, foreign investors are guaranteed national treatment. Companies that did not have any subsidiary established in an EU country before May 1, 2004, but that conduct, or plan to commence business operations in Poland must observe all EU regulations, and may not be able to benefit from all privileges to which EU companies are entitled.

Under the amended 2000 Commercial Companies Code, companies can be established as: joint-stock companies, limited liability companies, limited joint-stock partnerships, professional partnerships, registered partnerships, and limited partnerships. These corporate forms are available to a foreign investor, provided they come from a member state of the EU or the European Free Trade Area (EFTA), or have the right of permanent residence in Poland and are based in a country offering reciprocity for Polish enterprises. The United States offers such reciprocity. If the above conditions are not met, the investor may establish one of the following: a limited partnership, a limited joint-

stock partnership, a limited liability company, a joint-stock company or they may purchase shares of such entities.

According to the Law on the National Court Register of October 1997, all companies, commercial partnerships, and sole proprietorships must be registered in the Register of Entrepreneurs, a part of the National Court Register managed by district courts. The Register of Entrepreneurs is open to the public. Post is unaware of any laws or regulations specifically authorizing private firms to adopt articles of incorporation or association which limit or prohibit foreign investment, participation or control.

Under the Law on Freedom of Economic Activity, branch offices are registered in the National Court Register under the name of the foreign investor, with the notation "branch in Poland." A branch office can perform any activity within the scope of business of the parent foreign investor that established the branch. In contrast, representative offices must limit their activities to promotion and advertising for the parent foreign investor. Representative offices are registered in a special log kept by the Minister of Economy. The law specifies certain situations in which registration may be refused (e.g., if required documents are not submitted on time or on national security grounds).

### **Screening and Licensing**

Poland does not have any general screening mechanism for entry and establishment of businesses by foreign firms. Authorization requirements and foreign equity limits do exist for a limited number of sectors, such as broadcasting and air transport. The Law on Freedom of Economic Activity requires a permit from the Treasury Ministry for certain major capital transactions (i.e., to establish a company when an enterprise owned wholly or partially by a legal resident is contributed in-kind to a company with foreign ownership.) A permit from the Treasury Ministry is also required to lease assets to or from a state-owned enterprise. Licenses and concessions for defense production and management of seaports are granted on the basis of national treatment for investors from OECD countries.

Polish law limits non-Polish ownership to 49% of a company's capital shares in the air transport and the radio and television broadcasting sectors. This requirement does not apply to EU investors. Waivers of these requirements are not available. Furthermore, in the insurance sector at least two members of management boards must speak Polish. In the broadcasting sector, the number of Polish citizens on supervisory and management boards must be higher than the number of foreigners.

All investors must obtain governmental concessions, licenses or permits to engage in certain activities. Sectors in which concessions are required include broadcasting, aviation, energy, weapons, mining, and private security services. Some examples are;

- The Polish Financial Supervision Authority (KNF) grants authorization to operate insurance companies and investment funds, and grants licenses for brokerage and banking activities;
- The National Broadcasting Council issues radio and television broadcasting licenses;
- The Ministry of Economy issues permits for wholesale trade in alcohol, and wholesale and processing of precious stones and metals;

- The Ministry of Health authorizes permits for the pharmaceutical and medical materials sectors;
- The Ministry of Infrastructure provides licenses for air, road and rail transport, and for mail services. Recent legislation removed the requirement for a concession to construct highways or express roads in an effort to facilitate development of this sector;
- The Ministry of Interior and Administration licenses the defense industry and security services;
- Local governments provide permits for buses and taxis, waste disposal, pharmacies, and extraction of minerals.

The June 2004 Law on Freedom of Economic Activity introduced “regulated activity,” which allows for engagement in certain activities on the basis of an entry into the regulated activity register. For example:

- Telecom, postal, and courier services;
- Manufacturing of tobacco products, manufacturing and bottling of alcohol and wine.

Other regulated activities can be found in the Law. In an effort to remove barriers to doing business, the government announced its intention to amend the Law on Freedom of Economic Activity, removing requirements for permits and concessions and replacing them with entries in the regulated activity register. On March 31, 2009 a "one window" option for business registration became available; however it often takes longer to register a business than before. Also, a bill passed by the Council of Ministers in November 2010 will allow, starting January 1, 2012, registering a limited liability company in 24 hours. This will require filling out an e-form (a simplified deed of the company), signing it with an electronic signature, and sending it to the registry court via internet. An e-platform with records of all economic activity entities (Central Registration and Information for Economic Activity) is scheduled to launch in July, 2011.

### **Limits on Foreign Ownership of Agricultural Land and Real Estate**

The sale of agricultural land to foreigners has long been a sensitive issue. Since EU accession, citizens of the EU-27, as well as Iceland, Liechtenstein and Norway, generally do not need permission to purchase real estate, or to acquire or receive shares in a company owning real estate in Poland. One exception is in the acquisition of agricultural real estate. Poland was granted consent to introduce a transition period, lasting until 2016, with respect to unrestricted acquisition of agricultural real estate by foreigners (with certain exceptions). Citizens from countries other than the EU-27, Iceland, Liechtenstein and Norway are allowed to own an apartment, 0.4 hectares (4,000 square meters) of urban land, or up to one hectare of agricultural land without a permit. Better classes of agricultural land require approval by the Minister of Agriculture for legal transfer. Such land is not available to foreign ownership.

Citizens from countries other than the EU-27, Iceland, Liechtenstein and Norway must still obtain a permit from the Ministry of Internal Affairs and Administration (with the consent of the Defense and Agriculture Ministries), pursuant to the Act on Acquisition of Real Estate by Foreigners. A foreign business intending to buy real estate in Poland may apply for a provisional permit from the Ministry of Interior and Administration, which is valid for one year from the date of issue, during which time the company is expected

to assemble documents demonstrating it is a viable business. Permits may be refused for reasons of social policy or public security.

A second form of land title is the perpetual lease, under which the lease holder generally controls the property for 40 to 99 years, and which can be extended for up to 99 additional years. Such a perpetual tenant has the right to dispose of its interest in the land by sale, gift, or bequest. Companies report that procedures to acquire real estate are transparent and that the process is not burdensome.

Laws pertaining to agricultural land available for lease from the Ministry of Agriculture's property agency are under review with new leases suspended. This action may impact larger food processors in dairy or meats as these enterprises need additional land to comply with environmental regulations. The draft law would void current leases now valid for ten years and has chilled new agricultural investments, causing concern among U.S. investors.

### **Privatization Program**

The pace of privatization, which had slowed in the recent years, accelerated strongly in 2010; reaching \$7.3 billion (PLN 22.0 billion) in privatization revenue, compared with \$2.2 billion (PLN 6.9 billion) in 2009. The government was close to meeting its ambitious \$8.3 billion (PLN 25 billion) target set for privatization revenues in 2010 and hopes to raise an additional \$5.0 billion (PLN 15 billion) in 2011. Targeted industries include coal, electric power, gas, finance, chemical, and defense. In general, employees and trade unions welcome private investors, whose involvement in a company is often seen as a change for the better.

With relatively few exceptions, in major privatizations the Polish government has invited foreign investors to compete for a strategic interest. In general, bidding criteria have been clear and the process has been transparent. Some commentators have expressed concern about the level of foreign ownership of the Polish economy, especially in the banking sector, where foreign-controlled banks hold around 80% of assets.

### **Discrimination against Foreign Investors**

Generally, foreign investors receive similar treatment as domestic investors, both at the time of initial investment and after investments have been made. In the past, there were complaints about discrimination in public procurement contracts resulting from provisions in legislation favoring domestic firms. Since May 2004, all public authorities must apply the Public Procurement Law of January 2004, as amended by the November 2007 consolidated Act on Public Procurement, when selecting suppliers and service providers in public contracts. Under this law, a joint venture between foreign and domestic firms qualifies as "domestic" for procurement considerations. On joining the EU, Poland acceded to the WTO Government Procurement Agreement.

<b>Measure</b>	<b>Year</b>	<b>Index/Ranking</b>
TI Corruption Index	2010	5.3/41
Heritage Economic Freedom	2010	63.2/71
World Bank	2010	NA/70

Doing Business		
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Note: Poland is not on the MCC (Millennium Challenge Corporation) list.

Source: <http://www.transparency.org>

<http://www.doingbusiness.org/economyrankings/>

<http://www.heritage.org/Index/Country/Poland>

## Conversion and Transfer Policies

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Foreign exchange is widely available through commercial banks as well as exchange offices. Payments and remittances in convertible currency may be made and received through a bank authorized to engage in foreign exchange transactions, and most banks have such authorization. Foreign investors have not complained of any significant difficulties or delays in remitting investment returns such as dividends, return of capital, interest and principal on private foreign debt, lease payments, royalties, or management fees.

Foreign currencies can freely be used for settling accounts.

Poland provides full IMF Article VIII convertibility for current transactions. The October 1, 2002 Polish Foreign Exchange Law, as amended, fully conforms to the OECD Codes of Liberalization of Capital Movements and Current Invisible Operations.

The Foreign Exchange Law distinguishes between residents and non-residents. It defines residents as natural persons whose center of vital (economic or personal) interests is in Poland or individuals who spend more than 183 days in a tax (calendar) year in the country; companies having their registered office in Poland; and branches, representative offices and enterprises created by non-residents within the territory of Poland. Poland's ability to tax this income, however, may be limited by the provisions of an applicable tax treaty. Under the Law, non-residents include: natural persons with foreign residence; companies seated outside Poland; and branches, representative offices and enterprises created by residents outside the territory of Poland.

Countries that are members of the European Economic Area (EEA) and OECD are accorded the same treatment as countries that are members of the EU. In general, foreign exchange transactions with the EU, OECD and EEA countries are not restricted.

The Foreign Exchange Law also distinguishes between;

- (i) Countries that are members of the EU, EEA or OECD, and
- (ii) other "third" countries.

A number of transactions/payments, particularly those with third countries, require individual foreign exchange permits issued by the president of the National Bank of Poland (NBP). Such permits are issued upon request unless doing so would be contrary to the public interest or Poland's international obligations. Also, a general foreign exchange permit regulation specifies some exceptions to the permit requirement, particularly for business relations with countries with whom Poland has signed a bilateral investment treaty (BIT).

Except in cases where a permit is required (which are limited), a foreigner may convert or transfer currency to make payments abroad for goods or services and also may transfer abroad his share of after-tax profit due from operations in Poland. Capital brought into Poland by foreign investors may be freely withdrawn from Poland in instances of liquidation, expropriation, or decrease in capital share. Full repatriation of profits and dividend payments is allowed without obtaining a permit. However, a Polish company (including a Polish subsidiary of a foreign company) must file and pay withholding taxes with the Polish tax authorities on any distributable dividends unless a double taxation treaty is in effect. A double taxation treaty is in place between Poland and the United States. An exporter may open foreign exchange accounts in the currency it chooses.

Foreign exchange regulations require non-bank entities dealing in foreign exchange or acting as a currency exchange bureau to submit reports to the National Bank of Poland (NBP). As of January 1, 2010, new reporting requirements apply. These can be found in the Journal of Laws no 184 of November 3, 2009, item 1437 (Dziennik Ustaw 184 z 3.11.2009, pozycja 1437). Reports must be submitted electronically via <http://sprawozdawczosc.nbp.pl>, which requires a special certificate issued free of charge by the NBP.

Poland does not prohibit remittance through a legal parallel market; including one utilizing convertible negotiable instruments (such as dollar-denominated Polish bonds in lieu of immediate payment in dollars). As a practical matter, however, such payment methods are rarely, if ever, used.

## **Expropriation and Compensation**

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Article 21 of the Polish Constitution states: "expropriation is admissible only for public purposes and upon equitable compensation." The Law on Land Management and Expropriation of Real Estate provides that property may be expropriated only in accordance with statutory provisions such as those concerning construction of public works, national security considerations or other specified cases of public interest. Full compensation at market value must be paid for the expropriated property. Building new major highways in Poland involves some expropriation of land.

## **Dispute Settlement**

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Some investment disputes have arisen in the last few years. Often they have involved state-owned enterprises, difficulties obtaining required permits, or government actions in sectors subject to heavy regulation.

Among the disputes:

- Dutch insurer Eureko and the Polish government on October 2, 2009, settled a decade-long dispute over Eureko's purchase of a controlling stake in Polish Insurance giant PZU. The end of the dispute opened the door for PZU's privatization, which took place in 2010.
- Since 2003, a U.S. – Canadian joint venture investment group has been involved in a dispute for compensation related to the construction and operation of a grain handling import/export facility in Northern Poland. A Polish Arbitration Court



declined to award damages to the U.S. – Canadian group. The investors filed a formal complaint to the European Commission and are in the process of filing a Notice of Arbitration under the Canada-Poland BIT and the U.S. – Poland BIT. The legal case is ongoing.

The sale of state-owned enterprises, the government's move towards full adoption of EU regulations and the passage of legislation more clearly defining the role of the state in economic activity have lead to a reduction in investment disputes.

### **Legal System**

Like the "civil" French and German legal systems, the Polish legal system is code-based and prosecutorial. The judiciary acts independently. The Polish judicial system generally upholds the sanctity of contracts. Monetary judgments are usually made in local currency. Generally, foreign firms are wary of the slow and over-burdened Polish court system, preferring to rely on other means to defend their rights. Contracts involving foreign parties frequently include a clause specifying disputes will be resolved in a third-country court or through offshore arbitration.

The Bankruptcy Law of February 28, 2003 was amended in 2009. The amendments, eliminating defective or imprecise provisions and encouraging broader use of rehabilitation proceedings, entered into effect in May 2009. Declarations of bankruptcy may be filed either by a company's creditors or its governing bodies (i.e., its Board of Directors or another body, depending on the corporate form of the debtor). Creditors of an insolvent company must file a claim in writing. The Creditors Preliminary Assembly has the right to decide, at the initial stage of the bankruptcy process, whether a work-out agreement is possible or whether assets of a bankrupt company should be liquidated. Liabilities are repaid in the following order: cost of legal proceedings; employee remuneration; liabilities to the State and Social Security Fund (ZUS) secured by a mortgage or pledge; other liabilities secured by mortgages or pledges; other taxes and other public liabilities; other liabilities. The Mortgage Banking Act of 1997 and the Law on Registered Pledges and Pledge Registry of 1997 (with later amendments) protect qualified mortgagors and secured creditors against subsequent tax liens and other secured and unsecured claims.

A new institution in Polish law, consumer bankruptcy, appeared in 2009. The Consumer Bankruptcy Act of December 2008 allows for debtors who have fallen into a state of insolvency through no fault of their own to exit the debt spiral. The new regulation benefits not only the general public, but also entrepreneurs who are the creditors of insolvent debtors. An individual's ability to invoke this bankruptcy is limited to once every ten years.

### **Arbitration**

A permanent arbitration tribunal to settle disputes arising from international commercial activities operates through the Polish Chamber of Commerce. There is a number of arbitration bodies associated with chambers representing various sectors of the economy, employers' confederations or local chambers of commerce. It is also possible to appoint ad hoc conciliatory tribunals to settle a particular dispute.

Decisions by an arbitration body are not automatically enforceable in Poland. They must be confirmed by a Polish court. Under the Polish Civil Code, judgments of foreign courts are accepted and enforced by local courts. Poland is party to four international

agreements on dispute resolution, with the Ministry of Finance acting as the government's representative:

1. The 1923 Geneva Protocol on Arbitration Clauses;
2. The 1958 New York Convention on the Recognition and Enforcement of International Arbitration Awards;
3. The 1961 Geneva European Convention on International Trade Arbitration;
4. The 1972 Moscow Convention on Arbitration Resolution of Civil Law Disputes in Economic and Scientific Cooperation.

Poland is not a member of the Washington Convention on the Settlement of Investment Disputes between States and Nationals of Other States.

## **Performance Requirements and Incentives**

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Poland has not notified the WTO of any measures it maintains that are inconsistent with its obligations under the TRIMS Agreement.

Poland generally does not impose performance requirements for establishing or maintaining an investment. However, in previous privatizations of certain large companies the government and the purchasers negotiated terms that included performance requirements.

In April 2002, the Polish Parliament passed a law addressing financial support for investments. In line with this law a company investing in Poland, whether foreign or Polish, may receive assistance from the Polish government. In June 2005, the Council of Ministers adopted a document outlining the system of financial support for major investment projects of special importance to the Polish economy. These incentives are subject to relevant EU requirements and have on occasion been found non-compliant by EU authorities.

A number of incentives are potentially available to foreign investors in Poland:

- Income tax and real estate tax exemption in Special Economic Zones (SEZ);
- Investment grants of up to 50% (70% for small- or medium-sized enterprises) of investment costs;
- Grants for research and development;
- Grants for other activities, such as environmental protection, training, logistics or creating renewable energy sources;
- Potential partial forgiveness of commercial debt owed to a state-owned bank incurred for the acquisition of technology; and
- Varying incentives related to acquiring or developing new technology.

Regulations on special economic zones and on public assistance to entrepreneurs provide the basis for exemptions from income tax or other incentives. These were reviewed as Poland negotiated its entry into the EU and EU norms on the allowable level of public assistance to private companies apply. Since April 2005, shared services centers providing accounting, auditing, and bookkeeping services, as well as call centers, may be located in SEZs.

In 2007, changes to tax exemption limits were introduced as a result of changes in the classification of Polish regions for public aid purposes. According to the 2007-2013 map of regional aid, the maximum admissible amount of regional aid in Poland is:

<b>Region</b>	<b>Maximum Admissible Amount</b>
Warsaw	30%
Mazovia region	30%
Pomerania, West Pomerania, Upper and Lower Silesia, and Wielkopolska	40%
Other regions of Poland	50%

For small and medium size enterprises, the maximum aid amount can be increased by an additional 20% and 10% respectively. Also, there is a special formula applied for calculating the admissible amount of aid for investment projects where qualifying expenditures exceed EUR 50 million. New service centers may apply for public subsidies to the value of employment costs for two years.

Large investments considered crucial to the Polish economy may qualify for the Multi-Annual Support Program. This program usually combines different types of aid, e.g. employment grants, exemptions from corporate income tax in SEZs and the possibility of a preferential purchase price for land owned by the government. In 2010, the Ministry of Economy prepared a proposal for changes to the investors' support system. The new program for granting support to strategic sectors/branches (car industry, electronics, civil aviation, bio-technology, modern business services, and R&D) in the years 2011-2020 awaits the government's approval. The Ministry of Finance, looking for savings to slow the growing public finance deficit, has expressed some reservations about this program, i.e. would like to reduce public assistance to foreign investors by withdrawing the possibility of combining EU subsidies with government grants. Financing of aid for investment projects under the new program is to begin in 2012.

The level of tax or other investment incentives is based on the relative prosperity of the region where the investment is made, the size of the investment, the number of jobs created, and the sector of the economy involved. Strategic investors may obtain an exemption from or reduction in real estate tax, as well as additional local incentives. All such exemptions must be negotiated with local authorities.

### **Offset Requirements**

The Polish government imposes offset requirements on some defense-related contracts. Its stated policy objective is to ensure the participation of foreign suppliers in the restructuring and development of the Polish economy, in particular of the defense industry, of Polish exports, of technology transfer, of Polish universities and R&D centers, and of the knowledge economy.

Legislation adopted in 1999 and the Regulation of the Council of Ministers of May 18, 2007, governs the imposition of "compensation agreements" concluded in connection with contracts for deliveries from a foreign supplier of armament or military equipment. Agreements are obligatory when the value of contracts for the delivery of armaments or military equipment exceed an equivalent of EUR 5 million with respect to one foreign supplier within three subsequent years. The Ministry of Economy is planning amendments to the offset regulations in order to make them compliant with the Code of Conduct on offsets and EU Directives 2009/81/WE, 2004/17/WE and 2004/18/WE.

Further information can be found in English on the Ministry of Economy's website at the following URL:

<http://www.mg.gov.pl/English/ECONOMY/Offset+Programmes/Basic+information/>.

### **Foreign Participation in Government Financed Research**

Foreign companies have not participated in government-funded research and development projects managed by the Committee for Scientific Research. Nonetheless, there is no proscription against such participation with the exception of biotechnology. At present, there are over 100 R&D institutions backed by a majority of foreign capital (including American). Of these, 56 belong to foreign investors and are carrying out research across various sectors of the economy. According to current law, private companies cannot conduct research with public institutions in the field of agricultural biotechnology.

### **Visa and Work Permit Requirements**

Foreign investors can and do bring personnel to Poland. Shortages of labor in some sectors of the Polish economy intensify inflows of foreign workers to Poland.

All EU citizens, including workers from newly admitted Romania and Bulgaria, are free to work in Poland without first obtaining a work permit. In addition, Poland has opened its labor market to workers from member countries of the European Free Trade Area (EFTA).

On February 1, 2009, amended regulations on employment of foreigners entered into force. They simplify the procedure and reduce the amount of required documents. This pilot system received a positive assessment in 2010 and will remain in force until the situation in the labor market and the needs of the economy require further amendments.

Citizens from Ukraine, Belarus, Georgia, Moldova and Russia, and countries with which Poland cooperates with regard to work migration can undertake temporary work (up to six months per year) without a permit; however a written statement by the employer of his intention to employ the foreigner is required. Foreigners must have a visa allowing them to take up employment in Poland.

U.S. citizens continue to be subject to Poland's work and residency permit regulations, unless they have otherwise established permanent residency in Poland or elsewhere in the EU. Poland's visa and work permit regulations offer the possibility for non-EU/EFTA citizens to live and work in Poland under certain conditions. However, in practice, foreign firms and persons have experienced difficulty in obtaining both visas and work permits. Poland requires an applicant to receive his or her visa in his or her home country, rather than in Poland or in neighboring countries. This procedure is often burdensome. Work permits are issued by local authorities, which vary greatly in the speed and willingness with which they issue permits.

As of January 1, 2010, processing of applications for work permits for non-EU/EFTA citizens was transferred from provincial employment offices to provincial voivodship offices (the same offices that are responsible for issuance of residency permits). This is a result of the Polish government's declared effort to simplify the procedures for foreigners who want to work and establish residence in Poland, and to contain these procedures within one branch of the government. A work permit is issued for a maximum of three years; for up to five years when a foreigner acts as a board member

of a legal entity. Conditions for issuance of work permits and simplified procedures associated with it are included in the Regulation of the Minister of Labor and Social Policies dated 29 January 2009 (Journal of Laws No.16 item 84)

### **Discriminatory or Preferential Export/Import Policies**

The government supports exporters through export credit guarantees from a state-owned insurance entity (KUKE). KUKE provides credit guarantees for all firms registered in Poland (including foreign firms and firms with foreign capital). State-owned Bank Gospodarstwa Krajowego (BGK), on the basis of an agreement signed in 2002 with the Ministry of Finance on subsidies of interest and export credits, makes it easier for exporters to obtain cheaper credit to finance exports.

### **Right to Private Ownership and Establishment**

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Domestic and foreign private entities have a general right to freely establish, acquire or dispose of a business, and to engage in almost all forms of lawful economic activities. Participation of foreigners is restricted in the broadcasting and air transportation sectors, while foreign ownership of other than a small amount of real estate property requires a government permit.

The Civil Code, as amended, regulates property rights among individuals or legal entities. Civil Code regulations are based on the principles of equality of all parties regardless of their ownership status, equivalency of obligations, discretion, protection of private ownership, and freedom of contracts.

### **Protection of Property Rights**

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Poland has a non-discriminatory legal system accessible to foreign investors that protects and facilitates acquisition and disposition of all property rights, including land, buildings and mortgages. Many investors - foreign and domestic - complain that the judicial system is extremely slow. Foreign investors often voice concern about frequent or unexpected changes in laws and regulations. The Polish government continues to work on Civil Code amendments.

Regarding physical property, the 1997 Mortgage Banking Act provided that a recorded mortgage by a licensed mortgage bank takes priority over subsequent tax liens and other secured and unsecured claims. Outstanding residential mortgage debt grew rapidly from 2005 to 2008. In comparison to most Western countries, the mortgage market in Poland is still relatively small at around 20% of GDP.

### **Intellectual Property**

Poland ratified the WIPO Performance and Phonograms Treaty on October 21, 2003, and the WIPO Copyright Treaty on March 23, 2004. Piracy of intellectual property still remains a problem in Poland. To comply with its obligations to the EU and under the WTO TRIPS Agreement, in 2000 Poland adopted comprehensive legislation governing intellectual property rights. Upon EU accession, the Minister of Culture issued a regulation mandating creation of a register of information concerning optical disk production and identification codes. In May 2007, the Parliament updated regulations governing patents, trademarks, and other industrial property. After these changes, the length of protection afforded to proprietary research test data submitted by

pharmaceutical companies now matches EU standards. In May 2007, the parliament closed a loophole that had blocked prosecution of downstream sellers of pirated goods. The Ministry of Culture heads the Team for Counteracting Infringements of Copyright and Related Rights that produces an annual strategy for improving respect for intellectual property rights in Poland. Within the framework of the above group, a team to combat counterfeit medicines has also been formed.

Due to the improving protection of IP, Poland was removed from the USTR Special 301 Watch List in April 2010. Nevertheless, internet piracy remains a problem. Other challenges are a lack of competition among entities responsible for collecting and distributing royalties for use of intellectual property.

## **Transparency of Regulatory System**

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Regulatory unpredictability and high levels of administrative red tape are recurring complaints of investors. Foreign and domestic investors must comply with a variety of laws concerning taxation, labor practices, health and safety, and the environment. Complaints about these laws, especially the tax system, center on the lack of clarity and often-draconian penalties for minor errors. Under the Law on Freedom of Economic Activity, inspections are fewer and shorter. Establishment of the Central Anti-Corruption Office (CBA) in 2006 increased the number of institutions authorized to perform inspections in companies. However, the CBA is entitled to perform inspections of companies only in cases where the Treasury's interest is linked with a business interest (e.g. cases where a government official carries out economic activity, or government officials make decisions in such areas as privatization, public tenders, licensing, exemptions, quotas, or guarantees favoring certain firms or persons).

The government is working on a complex reform package aimed at streamlining bureaucratic hurdles, such as procuring the licenses and permits required to open a business. Although similar reform efforts in the past have failed to win parliamentary approval, the Tusk government managed to adopt amendments to a number of business related regulations in such areas as foreign exchange, taxes, public procurement and consumer bankruptcy, creating a friendlier environment for entrepreneurs.

Revisions to the corporate tax code, which started in 1999, improved transparency and lowered rates. Since 2004, the corporate income tax (CIT) rate has been 19%. Amendments to the Act on Corporate Tax passed since 2006 include changes to definitions of a small tax payer and a foreign company and extend the catalogue of tax deductible costs. Amendments to the PIT and CIT Laws came into force in May 2009. These changes increase the income limit of a small tax payer to EUR 1.2 million (\$1.6 million) from EUR 800,000 (around one million dollars) previously; unify PIT and CIT regulations with VAT regulations; and comply with the limit applied in the Law on Accountancy. The definition of a foreign company was modified using the OECD model. The list of tax deductible costs was expanded to include, for example, the costs of canceled (discontinued) investments.

The GoP raised VAT rates in July 2010 as part of a package of measures to reduce Poland's budget deficit. As of January 2011, the standard VAT rate is 23%, 1% higher than 2010. There are reduced rates of 8% and 5% on certain food, books, newspapers and the supply of a limited number of services. The Ministry of Finance indicated plans

to continue VAT increases by annual 1% increments until it reaches 25%, the EU limit, by 2013.

Proposed laws and regulations are published in draft form for public comment, but in practice the period allotted for public consultations tends to be limited. Starting February 2011, Polish citizens will be able to view the legislative process taking place within the PM's Chancellery on the government's webpage. Citizens will be able to see who authored a given bill and how work on it is progressing. From July 1, 2011, the proposed webpage will show records of directives issued by the head of each ministry.

### **Pharmaceuticals**

Global innovative pharmaceuticals companies consistently report that the process by which the Ministry of Health adds new products to the government's drug reimbursement list remains non-transparent and slow. Meaningful access to the Polish pharmaceuticals market often hinges on whether a drug appears on the reimbursement list, since doctors most often prescribe drugs from the list. Purchases from it are subsidized by the Polish National Health Fund, making them more affordable for patients.

In 2008, the Ministry of Health adopted a practice of requesting recommendations on reimbursement applications from the Health Technology Assessment Agency. Pharmaceuticals companies contend that this has decreased transparency further and increased the delay in acting on reimbursement applications. Inability to add new products to the reimbursement list has seriously undermined U.S. and international innovative drug producers' market position in favor of the Polish generics industry.

Furthermore, the Polish government has also taken other steps that according to the U.S. innovative pharmaceutical industry have had disproportionate impact on foreign companies. First, in July 2006, the Polish government instituted a 13% across-the-board price cut on all imported pharmaceutical products. In response to complaints that this measure was discriminatory, in November 2007 the Polish government cut the prices paid to domestic producers to reflect a 13% reduction in the value of imported inputs.

### **Standards-setting Organizations**

Government agencies set industry standards. These agencies are not required to consult with domestic or foreign firms when establishing standards, but usually do so. Domestic firms tend to have more influence than foreign firms in the consultation process.

## **Efficient Capital Markets and Portfolio Investment**

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### **Capital Markets**

Poland has healthy equity markets that facilitate the free flow of financial resources. Banks can and do lend to foreign and domestic companies. Companies can and do borrow abroad and issue commercial paper.

Equity markets include the Warsaw Stock Exchange (WSE), the "New Connect" trading platform, the Central Table of Offers ("CeTO"), an over-the-counter market, and the Electronic Treasury Securities Market, which operates on a basis similar to the NASDAQ. Since the opening of the WSE in 1991, the number of listed joint stock



companies has increased from five to 400 and capitalization has grown from \$142 million in 1991 to over \$180 billion in 2010. On September 30, 2009, the WSE launched CATALYST, the first organized market in debt securities in Central and Eastern Europe. The system facilitates and optimizes corporate and municipal bonds issuance.

In July 2010, Warsaw signed a contract to use the NYSE Euronext trading platform, making it easier for American investors to trade shares from Poland and other countries in the region that are listed on the exchange. The agreement is part of the WSE president's plan to make Warsaw the dominant exchange for Central Europe, with listings from countries like Romania, Ukraine and the Balkans.

In January 2011, Poland's Stock Exchange extended its daily trading sessions (0800GMT-1730GMT) and changed the calculation of trading statistical data (calculation will be based on the value of transactions, not on the sum of sales and purchases as it has been so far) in an effort to attract more foreign investors.

The regulatory framework for operations on the capital markets is contained in the 1997 Law on Public Trading and Securities, as amended. Since September 19, 2006, the Financial Supervision Commission has performed the regulatory tasks formerly performed by the Securities and Exchange Commission. In 2009, Polish regulations were adjusted to the provisions of the Transparency Directive, making the market more favorable for foreign investors and foreign public companies. Increasing attention is applied to market communication, protection of minority investors, counteracting fraud and insider trading.

The May 27, 2004 Act on Investment Funds allows for open-end, closed-end, mixed investment funds, and the development of securitization instruments in Poland. In general, no special restrictions apply to foreign investors purchasing Polish securities. Investment funds, the segment of Poland's capital markets which suffered the most during the global crisis, began recovery in 2009 and continued in 2010.

Venture capital activity is conducted by investment funds, consulting companies, investment banks, special funds belonging to financial corporations, companies in the IT sector, and individuals. Many participants in this area are foreign companies or companies with a foreign shareholder that have funds and experience in this type of activity on the domestic market. Many companies established by venture capital funds operate in the IT and media sectors. In recent years the biggest increase in such investment was in the consumer goods sector, services and healthcare. The financial crisis has created some fundraising difficulties, in particular for venture capital funds focusing on high risk start ups and technology intensive companies. In spite of such difficulties, after a slow 2008 and 2009, in 2010 the private equity industry is expected to have had a record year for investments. However, this result is due to the large size of a few deals rather than a wider revival in the sector.

### **Credit Allocation**

Credit allocation is on market terms. The government however, maintains some programs offering below-market rate loans to certain domestic groups, such as farmers and homeowners. Foreign investors and domestic investors have equal access to the Polish financial markets. Private Polish investment is financed from retained earnings and credits, while foreign investment is mainly direct investment, using funds obtained outside of Poland. Polish firms raise capital both in Poland and in other countries.



### **Legal, Regulatory, and Accounting Systems**

Polish accounting standards do not differ significantly from international standards. In cases where there is no national accounting standard, the appropriate International Accounting Standards may be applied. As of January 1, 2008 all banks are obliged to follow the principles of the New Capital Agreement Basel II. These regulations increase sensitivity to risk and should lead to improved performance in the banking sector.

Poland is in the process of harmonizing legal, regulatory, and accounting systems with those in the EU. Also, regulation by Poland's Financial Supervision Authority (KNF) is relatively firm. In August 2010, KNF introduced stricter requirements on sales of foreign currency loans and is planning further limits on foreign currency lending. The major international accounting firms provide services in Poland and are familiar with U.S., EU and Polish accounting standards.

### **Portfolio Investment**

The Polish regulatory system fosters and supervises the portfolio investment market. Both foreign and domestic investors may place funds in demand and time deposits, stocks, bonds, futures and derivatives. The stock and Treasury bill markets are fairly liquid, but many other investments, such as Treasury bonds, are not.

The Polish Securities and Exchange Commission had a reputation as a strong regulator of the stock market. In September 2006, a Financial Supervision Commission was established, which assumed the duties of the Polish Securities and Exchange Commission. Since assuming those duties, the Financial Supervision Commission has maintained the reputation established by the Polish Securities and Exchange Commission.

### **Banking System**

The banking sector remains sound with major banks well capitalized. Supervision and risk management have proven efficient in containing excessive risk taking. At the end of September 2010, the banking sector was made up of 646 entities, the majority of which were cooperative banks (576). Commercial banks dominate the sector with around 90% of total banking sector assets at the end of September 2010. Among commercial banks, four, including the largest bank by assets, PKO BP, were directly or indirectly owned by the state at the end of 2009. Foreign owned banks accounted for 68% of the Polish banking system's assets in 2009. Market concentration is diminishing with the top five banks (holding 44.5% compared with 46.4 in 2007.)

The Polish banking system is considered one of the best regulated and supervised in Central and Eastern Europe and weathered the global financial crisis of 2008/2009 better than many in the region. The KNF reported that Polish banks recorded a sector profit of nearly \$2.9 billion (PLN 8.6 billion) in January-September 2010, giving the sector a 26% higher result compared with the corresponding period of 2009. Lower deposit costs as well as lower write offs for credit risk helped improve performance of banks in 2010. At the end of September 2010, the banking sector had total estimated assets of over \$380 billion; more than a 9% increase compared with September 2009.

In 2009-2010, large international players such as Goldman Sachs, Morgan Stanley and Credit Suisse opened local offices in Poland, mainly to take advantage of the acceleration in the privatization process and to service the small but increasing number of high-net worth individuals.

The share of foreign players in the banking sector increases as the banking sector consolidates further. The merger of HVB (Germany) with UniCredit (Italy) has led to the merger of their Polish subsidiaries, Bank Pekao and BPH, creating one of the largest banks in Poland. Pressure from the government forced Pekao to divest itself of some 200 BPH branches. GE Money bought the remaining part in 2008. Mergers continue in the cooperative banks sector and the smaller commercial banks but are offset by the entry of new foreign and domestic players into the banking sector.

After falling in 2003-2008, the proportion of bad loans is now rising as households and enterprises feel the strain of economic downturn. At the end of September 2010, 12.3% of commercial bank claims on corporations (7.2% of household loans) were classed as non-performing, up from 9.6% (5.4% of household loans) at the end of September 2009.

### **Cross-shareholding**

Cross-shareholding arrangements are rare and play a minor role in the Polish economy.

### **Hostile Takeovers**

Neither the government nor private firms have taken measures to prevent hostile takeovers by foreign or domestic firms. Hostile takeover attempts are still rare.

## **Competition from State Owned Enterprises**

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State-owned entities (SOEs) still dominate some sectors, most notably heavy industry (coal, chemicals) and utilities. The same standards are generally applied to both private and public companies with respect to access to markets, credit and other business operations such as licenses and supplies. Officials at various levels of government occasionally exercise their discretionary authority to assist state-owned enterprises. For example, tax authorities have not pressed some large, troubled state-owned enterprises to pay taxes to avoid forcing those enterprises into bankruptcy. Nevertheless, in line with EU standards governing competition, the commercial code, which took effect in 2001, established a more level playing field.

In general SOEs aspire to pay their own way, financing their operations and funding further expansion through profits generated from their own operations. SOEs are governed by a board of directors and most pay an annual dividend to the government. SOEs prepare and disclose annual reports.

Since EU accession, government activity favoring state-owned firms has received careful scrutiny from Brussels.

## **Corporate Social Responsibility**

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CSR is a relatively new idea in Poland. Many Polish companies, particularly small and medium enterprises, lack the knowledge and experience to effectively implement generally accepted CSR practices, such as the OECD Guidelines for Multinational Enterprises. There is no specific legislation to promote CSR good practices among Polish companies; however, the Ministry of Economy has been tasked to support the implementation of CSR programs in Poland.

Multinational firms are leading the development of CSR in Poland. Most foreign invested companies have a CSR program in line with international standards. Additionally, the American Chamber of Commerce in Poland has a CSR committee to encourage implementation of responsible business practices and to support the development of quality CSR programs among member firms.

## **Political Violence**

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Poland is a politically stable country. Transfers of power are orderly and the Constitution works well. The next parliamentary elections will take place in October 2011.

There have been no confirmed incidents of politically motivated violence toward foreign investment projects in recent years. Poland has neither belligerent neighbors nor insurgent groups. The Overseas Private Investment Corporation (OPIC) provides political risk insurance for Poland but is not frequently used as competitive private sector financing and insurance is readily available.

## **Corruption**

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Poland has laws, regulations and penalties aimed at combating corruption. Although corruption remains a recognized and continuing problem, its scale as a restraint on economic growth and development has considerably diminished since the beginning of the 1989 transformation from Communism. In 2010, Transparency International ranked Poland 41st among 178 countries (with 1st place being least corrupt and 178th most corrupt) with a score of 5.3. In 2009, Poland was ranked 49th with a score of 5.0 (58th in 2008) among 178 countries.

The Central Corruption Office (CBA) was established by the Polish parliament in 2006. It answers directly to the office of the Prime Minister and is the primary law enforcement agency responsible for investigating public corruption. It coordinates anticorruption activities with other public institutions, such as the police and the internal security services (particularly the Polish Internal Security Agency (ABW)). The Justice Ministry and the police are responsible for enforcing Poland's anti-corruption criminal laws. The Finance Ministry administers tax collection and is responsible for denying the tax deductibility of bribes.

Reports of alleged corruption most frequently appear in connection with government contracting and the issuance of a regulation or permit that benefits a particular company. Allegations of corruption by customs and border guard officials, tax authorities, and local government officials show a decreasing trend. If such corruption is proven, it is usually punished. Overall, U.S. firms have found that maintaining policies of full compliance with the U.S. Foreign Corrupt Practices Act is effective in building a reputation for good corporate governance and that doing so is not an impediment to profitable operations in Poland.

One of the chief tools in preventing corruption is a transparent system of government procurement by open tender at all levels of government. A 1997 law restricts economic activity for those holding public positions. This law prevents a public official from engaging in business activities where he or she would have a conflict of interest while he or she is an official and for one year thereafter. The law applies to parliamentarians,

government officials, and local officials. On July 1, 2003, new penal code regulations combating corruption came into force. These amendments include: no punishment for those from whom bribes are extracted when they inform police about this fact, a broader definition of a public official, and seizure of assets if an accused person does not prove they derive from a legal source.

Bribery and abuse of public office are crimes under the Polish Criminal Code. Penalties include imprisonment from six months to 12 years, and forfeiture of items derived from an offense.

Poland ratified the OECD Convention on Combating Bribery in 2000. Implementing legislation, effective February 3, 2001, classifies the payment of a bribe to a foreign official as a criminal offense, the same as if it were a bribe to a Polish official.

Post is unaware of any case in which a foreign investor or major government official has been found guilty of corruption.

Several NGOs, including a Polish chapter of Transparency International as well as several business groups, including the American Chamber of Commerce have launched campaigns to increase public awareness. <http://www.transparency.org>.

## **Bilateral Investment Agreements**

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As of March 2008, Poland had ratified 60 bilateral investment agreements: Albania (1993); Argentina (1992); Australia (1992); Austria (1989); Azerbaijan (1999); Bangladesh (1999); Belgium and Luxembourg (1991); Belarus (1993); Bulgaria (1995); Canada (1990); Chile (2000); China (1989); Croatia (1995); Cyprus (1993); the Czech Republic (1994); Denmark (1990); Egypt (1998); Estonia (1993); Finland (1998); France (1990); Germany (1990); Greece (1995); Hungary (1995); India (1997); Indonesia (1993); Iran (2001; although they support international sanctions regimes); Israel (1992); Italy (1993); Jordan; Kazakhstan (1995); Kuwait (1993); Latvia (1993); Lithuania (1993); Macedonia (1997); Malaysia (1994); Moldova (1995); Mongolia (1996); Morocco (1995); the Netherlands (1994); Norway (1990); Portugal (1993); Romania (1995); Serbia and Montenegro (1997); Singapore (1993); Slovenia (2000); Slovakia (1996); South Korea (1990); Spain (1993); Sweden (1990); Switzerland (1990); Thailand (1993); Tunisia (1993); Turkey (1994); Ukraine (1993); United Arab Emirates (1994); the United Kingdom (1988); the United States (1994); Uruguay (1994); Uzbekistan (1995); Vietnam (1994).

The United States and Poland signed a Treaty Concerning Business and Economic Relations in 1990; it entered into force in 1994 for an initial period of ten years. The Treaty grants U.S. investors domestic privileges and provides for international arbitration in the case of investment disputes. In 1974, the United States and Poland signed a double taxation treaty. Prior to accession to the EU Poland reviewed its agreements with third countries for their compatibility with EU law. In June 2004, Poland completed the necessary amendments to bring the bilateral U.S. - Poland economic treaty into compliance with EU regulations. Ratification of the amended bilateral treaty on business and economic relations took place in October 2004. The U.S. - Poland "Totalization Agreement" signed on April 2, 2008, became effective in April 2009. The Agreement stops dual taxation, opens the door for payments to suspended beneficiaries (i.e., Polish widows) and allows transfer of benefit eligibility.

The Overseas Private Investment Corporation (OPIC) provides political risk insurance for U.S. companies investing in Poland against political violence, expropriation, and inconvertibility of local currency. OPIC offers medium and long-term financing in Poland through its direct loan and guarantee programs. Direct loans are reserved for U.S. businesses or cooperatives. Loan guarantees are issued to U.S. lending institutions.

The World Bank's Multilateral Investment Guarantee Agency also provides investment insurance similar to OPIC's for investments in Poland.

Poland maintains full convertibility of the zloty, apart from a few restrictions on short-term capital movements. Foreign currency is freely available from the banking system. At the height of the global financial crisis, short-term foreign currency lending, particularly interbank-lending, slowed following tightening by parent institutions (Poland's banking sector is dominated by subsidiaries of large European banks). However, the government and Central Bank took some measures (similar to other major economy responses) to provide short-term liquidity and the problem has since eased. Since March 2000, Poland has maintained a freely floating exchange rate regime. As a requirement of EU membership, Poland must enter the European Exchange Rate Mechanism (ERM2). In 2008, the Polish government set an aggressive timetable for Euro convergence, but the recent global financial crisis pushed that target back somewhat. Most observers believe Poland will eventually meet the Maastricht requirements necessary for Euro-adoption but few expect this to happen before 2015.

**Labor**[Return to top](#)

Poland has a well-educated, skilled labor force. Productivity remains below western standards but is rising rapidly, and unit costs are still competitive. At the end of 2010, the average gross wage in Poland was around \$1300 per month. In 2010 wages in the enterprise sector increased by 3.3% compared with 4.4 % in the whole 2009 and 10.3% in 2008.

Poland's economy employed around 16 million people at the end of 2010, with unemployment at 9.8% in November 2010 (as measured according to standard EU and International Labor Organization (ILO) methodology.) Unemployment varied substantially from one region to another. At the end of 2010, the lowest levels of unemployment were in major urban areas.

In 2010, the labor market in Poland began to show signs of recovery. This was driven by employment growth amid contained wage pressure.

Polish workers are usually eager to work for foreign companies and have taken advantage of opportunities for employment in Great Britain, Ireland, Belgium and Holland. Since Poland joined the EU, over one million Poles have sought work in Western Europe and an estimated 2.2 million live abroad. This trend slowed in late 2008 as employment opportunities in Western Europe worsened.

Polish companies suffer from shortages of qualified workers. Among the most sought after specialists are engineers, IT specialists, salespersons, human resources experts,

and technical advisors. Manufacturing companies are looking for welders, bricklayers, machinery and forklift operators. The situation is likely to worsen when Germany and Austria open their labor markets to Polish labor in May 2011.

Overall, employment in the public sector continues to shrink as the private sector grows. Employment has expanded in service industries such as information technology, manufacturing (driven by demand for Polish exports), and administrative and support service activities (driven by the increasing scale of outsourcing as a means of cost reduction). The state-owned sector still employs about a quarter of the work force, although employment in fields such as coal mining, steel, and energy is declining.

The influence of trade unions is gradually declining, though they remain powerful in the coal-mining industry and shipyards.

In 2009 Parliament passed, the Act to Ease the Effects of the Economic Crisis on Workers and Companies. This introduced more flexibility in working hours and will remain in force until the end of 2011.

Most aspects of employee-employer relations are governed by the 1996 Labor Code. This outlines employee and employer rights in all sectors, both public and private, and has been gradually revised in order to adapt to EU standards. The Polish government also adheres to the ILO Convention protecting worker rights.

#### **Foreign-Trade Zones/Free Ports**

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Foreign-owned firms have the same investment opportunities as Polish firms to benefit from foreign trade zones (FTZs), free ports, and special economic zones. The operation of FTZs in Poland is regulated by the 2004 Customs Law. Duty free zones can be established by the Minister of Finance, in cooperation with the Minister of Economy. They are managed by authorities designated by the Ministers - typically provincial governors who issue the operating permit for a given zone.

Most activity in FTZs involves storage, packaging and repackaging. In 2009, there were seven FTZs: Gliwice, near Poland's southern border; Terespol, near Poland's eastern border; Mszczonow, near Warsaw; Warsaw's Frederic Chopin International Airport (duty-free retail trade within the airport); Szczecin; Swinoujscie; and Gdansk. Duty-free shops are available only for travelers departing to non-EU countries.

There are also eight bonded warehouses: Gdynia (sea port); Krakow-Balice (airport); Wroclaw-Strachowice (airport); Katowice-Pyrzowice (airport); Gdansk-Trojmiasto(airport); Lodz(airport); Braniewo (near Olsztyn); and Poznan (airport).

Bonded warehouses and customs and storage facilities are operated pursuant to permission issued by the customs authorities, and can be operated by commercial companies. Bonded warehouses can be open to the general public, while a private warehouse is reserved for warehousing of goods by the warehouse keeper. The authorization to operate such a customs warehouse can be issued only to persons established in the EU.



When products are re-exported, customs duties are either partially or fully reimbursed to the importer (depending on how long the goods were in Poland). Reimbursement is made within 12 months of the date of customs clearance.

## **Foreign Direct Investment Statistics**

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Poland is a net capital importer, ranked the 12<sup>th</sup> top host economy for FDI in 2010-2012 by transnational corporations surveyed by the UN Conference on Trade and Development (UNCTAD). According to the National Bank of Poland's (NBP) preliminary data, inbound FDI in 2009 amounted to 13.7 billion (3.2% of GDP) a sharp decline compared to the record \$23.7 billion in 2007 (5.6% of GDP). Inbound FDI in 2010 is projected to reach \$13 billion. At the end of 2009, according to the UNCTAD's World Investment Report 2009, Poland's cumulative inbound FDI totaled \$182.8 billion, equivalent to around 40% of GDP. Since 1998, inbound FDI has been most stable in the manufacturing sector. However, its share has diminished in favor of highly specialized services and R&D sectors.

Compared to the quantity of foreign capital invested in Poland, Poland's overseas investments are small. According to preliminary data from the National Bank of Poland, in 2009 Polish firms invested \$5.2 billion (PLN 14.8 billion) abroad versus \$4.49 billion (PLN 12.8 billion) in 2008 (after revision). In the first quarter of 2010, Polish companies invested abroad around \$1.54 billion (PLN 4.4 billion.) Cumulative outbound Polish FDI through 2009 amounted to \$26.2 billion (PLN 74.4 billion) or around 6.0% of GDP. In December 2006, PKN Orlen acquired the Mazeikiu refinery in Lithuania for \$2 billion (PLN 5.7 billion). This remains the most significant Polish foreign investment to date. Other leading destinations for Polish investment are Luxembourg, Belgium, Switzerland, Norway, Germany and Lithuania. The majority of Poland's foreign investments are connected with the services sector.

According to NBP data, U.S. firms accounted for over \$13 billion of the cumulative total of \$182.8 billion FDI as of the end of 2009. Many investments by U.S. firms are attributed the third countries in the NBP's reporting (e.g. Belgium, Luxembourg, and the Netherlands) when the actual investment funds are transferred from a U.S. company's subsidiary based in that third country rather than from the United States. According to those imperfect official statistics, the U.S. is one of the top ten largest investors in Poland in terms of the volume of capital invested. The majority of investors come from the EU-25 with Germany often in the lead.

## FDI by Country of Origin

Year	2009		2008	
Country	USD millions	PLN millions	USD millions	PLN millions
Germany	2,951.3	9,286.7	2,364.0	5,669.0
France	1,946.5	5,896.4	828.0	1,996.0
Luxembourg	1,769.6	5,347.0	1,956.0	4,717.0
USA*	1,359.6	4,146.3	531.0	1,281.0
Sweden	1,315.4	4,051.1	1,622.0	3,911.0
Netherlands	672.9	2,037.8	2,343.0	5,650.0
Austria	671.3	2,120.0	664.0	1,602.0
Italy	664.7	1,907.5	428.7	1,014.7
Spain	553.8	1,677.0	445.0	1,074.0
Ireland	317.3	954.1	288.2	725.0
Great Britain	177.4	695.5	464.0	1,119.0
Total FDI (not cumulative)	13,698.1	42,562.4	14,728.0**	34,951.3**

Source: National Bank of Poland (report from November 2010)

\*Excluding investments attributed to third country subsidiaries

\*\*Data after NBP's revision for year 2008. In last report it was \$14,559.0 and PLN 35,101.0 respectively.

According to preliminary NBP data, inflow of foreign investment into Poland in January – June 2010 reached almost \$4 billion and was 75% higher than in the corresponding period of 2009.

## FDI by Sector

Year	2009		2008	
Sector	USD millions	PLN millions	USD millions	PLN millions
Total Services	6,438.8	20,672.1	9,819.4	23,314.7
Manufacturing	4,749.6	14,272.2	2,106.8	4,946.9
Real Estate & Business Activities (Real estate, Computer activities and Research and development)	2,799.8	8,948.5	3,826.0	9,195.1
Financial Intermediation	2,243.8	7,013.7	4,466.7	10,544.8
Trade and Repairs	1,232.9	4,241.0	2,193.8	5,148.9
Electricity, Gas and Water	1,197.8	3,690.0	1,535.9	3,691.1
Construction	590.4	1,776.5	415.0	956.1
Not allocated	534.2	1,560.7	14.8	36.7
Transports, Communication	226.8	661.6	-756.5	-1,732.6



Hotel and Restaurants	40.6	118.6	-31.1	-91.2
Agriculture and Fishing	38.5	112.4	151.6	348.5
Total FDI (not cumulative)	13,698.1	42,562.4	14,728.0	34,951.3

Source: National Bank of Poland (report from November 2010)

## Web Resources

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<http://www.transparency.org>

<http://www.doingbusiness.org/economyrankings/>

<http://www.heritage.org/Index/Country/Poland>

<http://www.mg.gov.pl/English/ECONOMY/Offset+Programmes/Basic+information/>.

<http://www.transparency.org>.

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
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### How Do I Get Paid (Methods of Payment)

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Import financing procedures in Poland take place under seller-buyer terms. Popular payment mechanisms include payment against documents and electronic funds transfer. The safest method of receiving payment for a U.S. export sale is through an irrevocable letter of credit (L/C). However, most banks in Poland require the importer to deposit funds prior to issuance of a L/C. Therefore, for most Polish importers, a L/C is not a financing tool but a payment mechanism.

Cash payment or down payments provide an extra measure of security for export sales. Lease finance is an increasingly popular approach for vehicles, equipment and large capital items. Both private and public insurance is available in Poland.

### How Does the Banking System Operate

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Poland has a sound, non-discriminatory financial services infrastructure. Private banks control around 80 percent of the market. Foreign banks dominate with a 70 percent share in total assets. There are four directly or indirectly state-owned banks. The group of cooperative banks is numerous (576) and has around six percent share of the market. All three types of banks offer a wide range of services to their customers.

Poland's universal banking system provides deposits, loans and often trade in securities services. The state-owned bank BGK administers target funds (e.g., municipal development, road, housing, technology); provides special credit services, including homeowner mortgages and guarantees to export companies; and issues bonds for financing infrastructure (road) projects.

Payment cards are commonly used. In 2010, there were over 32 million payment cards in circulation, of which a majority were debit cards. Both ATMs and commercial entities accept popular credit cards (VISA, MasterCard, Diner's Club and American Express) and payment cards (VISA Electron and Maestro). Checks as a means of payment are available but they are not recommended, as they have never enjoyed widespread usage in Poland.

Deposits may be made and loans taken in foreign currency and PLN. Loans in Euros and Swiss Francs have been the most common. Credit agreements require borrowers to provide data on their economic and financial standing. It is common practice when

granting credits to demand bank guarantees, drafts or other forms of collateral.

Internet banking is developing rapidly and the availability of banking services varies from one bank to another.

A number of foreign banks have established banking operations in Poland, either through local subsidiaries, fully operating branches, or participation in consortium banks, which may also include Polish bank shareholders. Several U.S. banks have offices in Poland (e.g., Citibank, JPMorgan Chase, and Bank of America). While some banks have branches all over Poland, many are regional or have just a few branches. Several Polish banks have been approved by the Export-Import Bank of the U.S. for bank guarantees and currently engage in foreign trade financing.

### **Foreign-Exchange Controls**

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The Polish zloty is fully convertible and there are no foreign exchange controls affecting trade in goods. Companies operating in Poland have free access to foreign currency, and there have been no failures of the banking system to provide hard currency on demand. Profits can be repatriated by law, including repatriation through bonds and securities.

Under the terms of its EU Accession, Poland is required to adopt the Euro. The government has no fixed date for Euro adoption.

### **U.S. Banks and Local Correspondent Banks**

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#### **Major U.S. Banks**

AIG Bank Polska SA  
ul. Strzegomska 42c  
53-611 Wrocław  
tel. +48 71 358 2222  
fax +48 71 358 2361  
Web site: <http://www.aigbank.com.pl>

Bank Handlowy w Warszawie  
Citi Handlowy  
ul. Senatorska 16  
00-923 Warszawa  
tel. +48 22 657 7200  
fax +48 22 692 5023  
Web site: <http://www.citihandlowy.pl/>

Bank BPH SA  
ul. Marynarki Polskiej 177  
80-868 Gdańsk  
Telephone: +48 58 300 7001  
Fax: +48 58 300 7952, 300-7120  
E-mail: [pytanie@ge.com](mailto:pytanie@ge.com)  
Web site: <http://www.bph.pl>

FCE Bank Polska SA  
ul. Tasmowa 7  
02-667 Warszawa  
tel. +48 22 608 6900, 608 6980, 608 6985  
fax.+48 22 608 6901  
Web site: <http://www.ford.pl>

American Express Bank Ltd.  
Przedstawicielstwo w Polsce, Nowy Jork  
ul. Chlodna 51  
00-867 Warszawa  
Tel. +48 22 581 5268, 581 5100  
Fax +48 22 581 5269, 654 5088  
Email: [biuropl@aexp.com](mailto:biuropl@aexp.com)  
Web site: <http://www.americanexpress.com/poland>

JP Morgan Chase Bank National Association  
Przedstawicielstwo w Polsce, Nowy Jork  
ul. Emilii Plater 53 (WFC)  
00-113 Warszawa  
Tel. +48 22 528 6698  
Fax +48 22 528 6627  
Email: [jakub.leonkiewicz@jpmorgan.com](mailto:jakub.leonkiewicz@jpmorgan.com)  
Web site: <http://www.jpmorgan.com>

IDEA Bank  
ul. Domaniewska 39  
02-672 Warszawa  
Tel. +48 22 239 3939  
Fax +48 22 288 8180  
Web site: <http://www.ideabank.pl>

### **Major Local Correspondent Banks**

PKO BP Dom Maklerski  
ul. Pulawska 15  
02-515 Warszawa  
Telephone: +48 22 521 8010  
Fax +48 22 521 7946  
E-mail: [informacje@pkobp.pl](mailto:informacje@pkobp.pl)  
Web site: <http://www.pkobp.pl/>

Bank Polska Kasa Opieki  
Pekao S.A.  
ul. Grzybowska 53/57  
00-950 Warszawa  
Telephone: +48 22 656 0000  
Fax +48 22 656 0004  
E-mail: [info@pekao.com.pl](mailto:info@pekao.com.pl)  
Web site: <http://www.pekao.com.pl/>

ING Bank Slaski S.A.

ul. Sokolska 34  
40-086 Katowice  
Telephone: +48 32 357 7000  
Fax: +48 32 357-7010, 357-7015  
E-mail: [mampytanie@bsk.com.pl](mailto:mampytanie@bsk.com.pl)  
Web site: <http://www.ing.pl/>

Kredyt Bank S.A.  
ul. Kasprzaka 2/8  
01-211 Warszawa  
Telephone: +48 22 634 5400  
Fax: +48 22 634 5335  
E-mail: [info@kredytbank.pl](mailto:info@kredytbank.pl)  
Web site: <http://www.kredytbank.pl/>

Bank Handlowy w Warszawie  
Citi Handlowy  
ul. Senatorska 16  
00-923 Warszawa  
tel. +48 22 657 7200  
fax +48 22 692 5023  
Email: [listybh@citi.com](mailto:listybh@citi.com)  
Web site: <http://www.citihandlowy.pl/>

## Project Financing

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EU financial assistance programs provide a wide array of grants, loans, loan guarantees and co-financing for feasibility studies and infrastructure projects. Some of the key sectors for these are: environment, transportation, energy, telecommunications, tourism and public health. From a commercial perspective, these initiatives create significant market opportunities for U.S. businesses, U.S.-based suppliers, and subcontractors.

The EU supports projects within its Member States, as well as EU-wide "economic integration" projects that cross both internal and external EU borders. In addition, the EU provides assistance to accession countries in Eastern and Southern Europe and Turkey, as well as to some of the former Soviet republics.

The European Union provides project financing through grants from the European Commission and loans from the European Investment Bank. Grants from the Structural Funds are distributed through the Member States' national and regional authorities, and are only available for projects in the 27 EU Member States. All grants for projects in non-EU countries are managed through the EuropeAid Cooperation agency in conjunction with various European Commission departments, called "Directorates-General."

The CSEU Tenders Database

The U.S. Commercial Service at the U.S. Mission to the European Union offers a tool on its website to help U.S.-based companies identify European public procurement opportunities. The database features all current public procurement tenders issued by

all national and regional public authorities in the 27 Member States of the European Union, plus four other European countries, and that are open to U.S.-based firms under the terms of the Government Procurement Agreement (GPA) implemented in 1995. The database is updated twice weekly and is easy to use with a range of search options, including approximately 20 industry sectors. The database also contains tenders for public procurement contracts relating to structural funds. Readers may access the database at [http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html).

## EU Structural Funds

The EU Structural Funds, including the European Regional Development Fund, were created in 1975 to assist economically depressed regions of the European Union that required industrial restructuring. The EU earmarked EUR 308 billion for projects under the Structural Funds and the Cohesion Fund programs for the 2007-2013 period for the EU-27. In addition to funding economic development projects proposed by Member States or local authorities, EU Structural Funds also support specialized projects promoting EU socioeconomic objectives. Member States negotiate regional and “sectoral” programs with officials from the Directorate-General for Regional Policy at the European Commission. For information on approved programs that will result in future project proposals, please visit: [http://ec.europa.eu/regional\\_policy/atlas2007/fiche\\_index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm).

For projects financed through the Structural Funds, Member State officials are the key decision-makers. They assess the needs of their country; investigate projects; evaluate bids; and award contracts. To become familiar with available financial support programs in the Member States, it is advisable for would-be contractors to meet with local officials to discuss local needs.

Tenders issued by Member States’ public contracting authorities for projects supported by EU grants are subject to EU public procurement legislation if they meet the EU minimum contract value requirement for the eligible sector. Below this threshold, tender procedures are subject to national procurement legislation. There are no overt prohibitions against the participation of U.S. companies, either as developers or concessionaires of projects supported partially by the Structural Funds, or as bidders on subsequent public tenders related to such projects, but it is advisable to team up with a local partner. All Structural Fund projects are co-financed by national authorities and most may also qualify for a loan from the European Investment Bank. The private sector is also involved in project financing. For more information on these programs, please see the market research section on the website of the US Mission to the EU: <http://www.buyusa.gov/europeanunion/mrr.html>

## The Cohesion Fund

The Cohesion Fund is another instrument of EU structural policy. Its EUR 61.5 billion (2007-2013) budget seeks to improve cohesion within the EU by funding transport infrastructure and environmental projects in Portugal, Spain, Greece and the twelve new (since 2004) EU Member States from Central and Eastern Europe. These projects are generally co-financed by national authorities, the European Investment Bank, and the private sector.

Key Link: [http://ec.europa.eu/regional\\_policy/funds/cf/index\\_en.htm](http://ec.europa.eu/regional_policy/funds/cf/index_en.htm)

### The Trans-European Networks

The European Union also provides financial support to the Trans-European Networks (TENs) to develop infrastructure, strengthen cohesion and increase employment across greater Europe. Launched at the Essen Council (Germany) in 1994, the TENs are a series of transport, telecommunications and energy projects that are continually being expanded and upgraded. The TENs are largely financed by private sector and non-EU sources. The EU does, however, provide grants from the Cohesion Fund, loans from the European Investment Bank (and loan guarantees from the European Investment Fund), and partial feasibility study grants for the TENs. There are no overt EU restrictions on the participation of U.S. firms in the TENs.

[http://ec.europa.eu/ten/index\\_en.html](http://ec.europa.eu/ten/index_en.html)

### Other EU Grants for Member States

Another set of sector-specific grants offers assistance to EU Member States in the fields of science, technology, communications, energy, environmental protection, education, training and research. Tenders related to these grants are posted on the various websites of the directorates-generals of the European Commission. Conditions for participation are strict and participation is usually restricted to EU firms or tied to EU content. Information pertaining to each of these programs can be found on:

[http://ec.europa.eu/grants/index\\_en.htm](http://ec.europa.eu/grants/index_en.htm)

### External Assistance Grants

The EuropeAid Cooperation Office is the European Commission agency in charge of managing the EU's external aid programs. This agency is responsible for the management of the entire project cycle, from identification to evaluation, while the Directorates-General in charge of External Relations and Development, are responsible for the drafting of multi-year programs. The EuropeAid website offers extensive information on the range of grant programs, the kind of projects that are eligible, as well as manuals to help interested parties understand the relevant contract law. However, participation to calls for tender for contracts financed by EuropeAid is reserved for enterprises located in the EU Member States and requires that the products used to respond to these projects are manufactured in the EU or in the aid recipient country. Consultants of US nationality employed by European firms, however, are allowed to form part of a bidding team. European subsidiaries of U.S. firms are eligible to participate in these calls for tender.

Key Link: [http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)

All tenders related to EU-funded programs outside the territory of the European Union (including the accession countries) are located on the EuropeAid Cooperation Office website: [http://ec.europa.eu/europeaid/work/funding/index\\_en.htm](http://ec.europa.eu/europeaid/work/funding/index_en.htm)

Two new sets of programs have been approved for the financing period 2007-2013., The EU provides specific pre-accession financial assistance to the accession candidate

countries that seek to join the EU through the “Instrument for Pre-accession Assistance” (IPA). Also, the European Neighborhood and Partnership Instrument (ENPI) will provide assistance to countries that are the Southern Mediterranean and Eastern neighbors of the EU.

- IPA replaces the following programs: PHARE (Poland and Hungary Assistance for Restructuring of the Economy), ISPA (Instrument for Structural Pre-Accession financing transport and environment projects), SAPARD (projects in the agriculture sector), CARDS (aid to southern Balkans) and the Turkey Facility Fund. IPA focuses on priorities linked to the adoption of the *acquis communautaire* (the body of European Union law that must be adopted by accession candidate countries as a precondition to accession), i.e., building up the administrative and institutional capacities and financing investments designed to help them comply with European Commission law. IPA will also finance projects destined to countries that are potential candidate countries, especially in the Balkans. The budget of IPA for 2007-2013 is EUR 11.4 billion.

Key Links: [http://ec.europa.eu/enlargement/index\\_en.htm](http://ec.europa.eu/enlargement/index_en.htm)

[http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index_en.htm)

- ENPI: replaces the former TACIS and MEDA programs. The European Neighborhood Policy program covers the EU's neighbors to the east and along the southern and eastern shores of the Mediterranean i.e. Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the Palestinian Authority, Syria, Tunisia and Ukraine. ENPI budget is €11.9 billion for 2007-2013.

[http://ec.europa.eu/world/enp/index\\_en.htm](http://ec.europa.eu/world/enp/index_en.htm)

### Loans from the European Investment Bank

Headquartered in Luxembourg, the European Investment Bank (EIB) is the financing arm of the European Union. Since its creation in 1958, the EIB has been a key player in building Europe. As the EIB's lending practices evolved over the years, it became highly competent in assessing, reviewing and monitoring projects. As a non-profit banking institution, the EIB offers cost-competitive, long-term lending in Europe. Best known for its project financial and economic analysis, the Bank makes loans to both private and public EU-based borrowers for projects in all sectors of the economy, such as telecommunications, transport, energy infrastructure and environment.

While the EIB mostly funds projects within the EU, it lends outside the EU as well (e.g., in Central, Eastern and Southeastern Europe; Latin America; and Pacific and Caribbean states). In 2007, the EIB approved loans for projects worth EUR 56.4 billion, of which around 16% was lent outside the EU. The EIB also plays a key role in supporting EU enlargement with loans used to finance improvements in infrastructure, research and industrial manufacturing to help those countries prepare for eventual EU membership.

Projects financed by the EIB must contribute to the socioeconomic objectives set out by the European Union, such as fostering the development of less favored regions; improving European transport and telecommunication infrastructure; protecting the environment; supporting the activities of SMEs; assisting urban renewal; and, generally promoting growth, competitiveness and employment in Europe. The EIB created a list of projects to be considered for approval and posted the list on its website. As such, the



EIB website is a source of intelligence on upcoming tenders related to EIB-financed projects: <http://www.eib.org/projects/pipeline/index.htm>

The EIB presents attractive business opportunities to U.S. businesses. EIB lending rates are lower than most other commercial rates. Like all EIB customers, however, U.S. firms must apply the loan proceeds to a project that contributes to the European objectives cited above.

The EIB's i2i (Innovation 2010 Initiative) is designed to highlight projects that support innovative technology in the European Union, in particular by financing broadband and multimedia networks; the physical or virtual infrastructure providing local access to these networks; and research and development infrastructures, especially in the less developed regions of the European Union. i2i will also finance projects to computerize schools and universities and to provide information technology training in conjunction with public authorities.

Key Link: [http://www.eib.org/Attachments/thematic/innovation\\_2010\\_initiative\\_en.pdf](http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf)

The US Mission to the European Union in Brussels has developed a database to help US-based companies bid on EIB public procurement contracts in non-EU countries in particular. The EIB-financed contracts that are open to US-based companies are featured in this database. All the tenders in this database are extracted from the EU's Official Journal. The EIB database contains on average 50 to 100 tenders and is updated twice per week.

Key Link: [http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

## Web Resources

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### U.S. Websites:

Market research section on the website of the U.S. Mission to the EU:

<http://www.buyusa.gov/europeanunion/mrr.html>

European Union Tenders Database:

<http://www.buyusa.gov/europeanunion/euopportunities.html>

CSEU Tender Database:

[http://www.buyusa.gov/europeanunion/eu\\_tenders.html](http://www.buyusa.gov/europeanunion/eu_tenders.html)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

### **EU Websites:**

Future project proposals:

[http://ec.europa.eu/regional\\_policy/atlas2007/fiche\\_index\\_en.htm](http://ec.europa.eu/regional_policy/atlas2007/fiche_index_en.htm).

The EU regional policies, the EU Structural and Cohesion Funds:

[http://ec.europa.eu/regional\\_policy/index\\_en.htm](http://ec.europa.eu/regional_policy/index_en.htm)

The Trans-European Networks (TENs): [http://ec.europa.eu/ten/transport/index\\_en.htm](http://ec.europa.eu/ten/transport/index_en.htm)

EU Grants and Loans index: [http://ec.europa.eu/grants/index\\_en.htm](http://ec.europa.eu/grants/index_en.htm)

EuropeAid Co-operation Office: [http://ec.europa.eu/europeaid/index\\_en.htm](http://ec.europa.eu/europeaid/index_en.htm)

IPA: [http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index\\_en.htm](http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/index_en.htm)

The European Investment Bank <http://www.eib.org>

EIB-financed projects: <http://www.eib.org/projects/index.htm?lang=-en>.

The EIB's i2i (Innovation 2010 Initiative):

[http://www.eib.org/Attachments/thematic/innovation\\_2010\\_initiative\\_en.pdf](http://www.eib.org/Attachments/thematic/innovation_2010_initiative_en.pdf)

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## Chapter 8: Business Travel

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### Business Customs

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In general, conducting business in Poland is highly compatible with our expectations of doing business in the U.S. Poles are, in general, hard-working and trustworthy. The following discussion illustrates a few examples of some potential situations you may encounter when in Poland on business.

It is customary to greet by shaking hands in Poland. A businesswoman should not be surprised if a Polish man kisses her hand upon introduction, at subsequent meetings or when saying goodbye. American men are not expected to kiss a Polish woman's hand, but may simply shake hands. Business cards are the norm in Poland and are generally given to each person present in a meeting. As Poles tend to bring more than one person to their meetings, U.S. visitors should bring plenty of business cards. It is not necessary to have business cards printed in Polish.

Although your business contacts may speak English, communication in Polish is recommended when dealing with the Polish government on official business. Just remember that even if you speak fluent Polish, you may still find yourself mired in red tape when doing business with the Polish government.

Business attire is generally formal, including a suit and tie for men, and a suit or dress for women. Casual wear, including jeans, is suitable for informal occasions, but more formal dress is usually customary for visiting or entertaining in the evening. Flowers, always an odd number, are the most common gift among friends and acquaintances. Sunday is the traditional day for visiting family and friends in Poland.

When planning a business trip to Poland, it is worthwhile to check Polish holidays. Poles are reluctant to schedule appointments on Sundays or Polish holidays. During summer months – July and August – the majority of Poles take vacation; therefore securing business appointments with decision makers might be difficult.

## Travel Advisory

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State Department Travel & Business Advisory:

<http://www.state.gov/travel>

## Visa Requirements

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U.S. companies that require travel of foreign business persons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa>.

Visa applicants should go to the following links:

U.S. Embassy in Warsaw, Consular Section:

<http://warsaw.usembassy.gov/poland/consular.html>.

For persons traveling to the U.S. on business:

<http://poland.usembassy.gov/visas/nonimmigrant-visas/visas/business.html>.

## Telecommunications

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International direct dialing is available in Poland. Cellular phone services are GSM/DCS/UMTS-based systems, which require phones working at 900/1800 GSM frequency. All cellular operators offer internet access, including BlackBerry service. Internet access is available at all business-class hotels, though some at an extra fee. Wi-Fi internet access is available at random, mostly in large cities, gas stations, shopping centers and restaurants. Visitors can save on expensive international and long-distance phone connections using pre-paid calling cards (for example Tele2, Dzwoneczek, Papuga) or IP-based access numbers.

In emergency, there is a unified 112 number, available from cellular and fixed-line phones.

To call Poland from abroad: +42 and telephone number (including a city prefix in case of calls to fixed-line, no prefix needed while dialing to cellular phones)

To call U.S. from Poland: 001 and telephone number

## Transportation

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Transportation by air to and from Poland is excellent. International carriers fly to Poland many times per day from all over the world, and LOT Polish Airlines has direct flights to Warsaw, Cracow, and Rzeszow from Chicago, New York and Newark. Delta, American, and United have code share relationships with various European carriers that service Poland through their European hubs. No U.S. airline services Poland directly at this time.

In December 2007, Poland joined the Schengen area, enabling the public to travel freely from Estonia to Portugal without border controls (except the UK, Ireland, Bulgaria,

Romania, Cyprus, and Lichtenstein). Polish airports met the Schengen requirements on March 29, 2008.

Transportation within Poland is quite convenient, especially by air and by train. Flights operate between major cities. Railway routes are extensive and usually reliable, with the "Inter-City" line providing first-class, express service to several cities. Rental cars are abundant, but due to significantly increased traffic over the past few years and a highway system that has not kept up, driving between Polish cities, especially at night, can be quite dangerous. Poland's highway network, which is generally underdeveloped, is undergoing a major improvement to meet EU standards. Express toll highways connect Krakow and Katowice (A4) as well as some parts of A2 and A1.

Taxis are very affordable. It is advisable to call ahead to a reputable taxi company for radio dispatch for personal security as well as to avoid overcharges.

Basic English is widely spoken in most hotels and restaurants. International hotels and restaurants catering to foreigners accept major credit cards, although smaller hotels and restaurants may not. Currency exchange is widely available, as are local currency Polish Zloty (PLN)-dispensing ATM's, that accept most U.S. bankcards. Please note that the Euro has not yet been adopted in the Poland.

First class business hotels are available in most major Polish cities, and many are located in the heart of business districts. Major western hotels offer air-conditioned rooms with access to the Internet and direct dial telephone capability. Many hotels offer business center amenities with computers, fax, business assistance services, and Internet capabilities. All business hotels take major credit cards. Availability and room rates are seasonal and competitive, and business travelers are advised to check and confirm rates at hotels in advance of their travel.

## Language

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Polish is the official language in Poland. Communication in the Polish language is recommended if the seller would like to receive a speedy reply to correspondence and inquiries. U.S. companies should ensure that translations from English into Polish are performed only by professional translators who are fluent in modern business Polish and grammar. When conducting business in Poland, a qualified Polish-language interpreter is recommended. CS Warsaw can provide lists of interpreters.

## Health

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State Department Health Issues Advisory:

[http://www.travel.state.gov/travel/tips/health/health\\_4971.html](http://www.travel.state.gov/travel/tips/health/health_4971.html)

The WHO Health Information on Poland:

<http://www.who.int/countries/pol/en/>

## Local Time, Business Hours, and Holidays

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Poland is on Central European Time (CET) and as such, is six hours ahead of the U.S. East Coast (EST).

Regular business hours in most cases are from 8:00-4:00PM in the governmental offices and 9:00-5:00PM in the private sector.

### Locally observed holidays in 2011:

April 25 (Mon):	Easter Monday
May 3 (Mon):	Constitution Day
June 23 (Thu):	Corpus Christi Day
August 15 (Mon):	Assumption Day
November 1 (Tue):	All Saints' Day
November 11 (Fri):	National Independence Day
December 26 (Fri):	Christmas Day

The U.S. Commercial Service is closed on most U.S. and Polish holidays. During the month of July and August, most Polish institutions are staffed with minimum personnel.

For local time and business hours, please contact the Commercial Service in advance. The Commercial Service can be reached by telephone at +48-22-625-43-74, fax at +48-22-621-63-27, or e-mail at [office.warsaw@trade.gov](mailto:office.warsaw@trade.gov). A current directory of staff and locations worldwide may be accessed on the Commercial Service website <http://www.buyusa.gov/>.

## Temporary Entry of Materials and Personal Belongings

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There are no restrictions on the temporary entry of personal laptop computers or other business materials and personal belongings into Poland.

## Web Resources

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State Department Travel & Business Advisory:  
<http://www.state.gov/travel>

State Department Visa Website:  
[http://travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)

U.S. Embassy in Warsaw, Consular Section:  
<http://warsaw.usembassy.gov/poland/consular.html>

For persons traveling to the U.S. on business:  
<http://poland.usembassy.gov/visas/nonimmigrant-visas/visas/business.html>

The WHO Health Information on Poland:  
<http://www.who.int/countries/pol/en/>

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## Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

### Contacts

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#### American Embassy Warsaw

Aleje Ujazdowskie 29/31  
00-540 Warsaw Poland  
Tel.: +48-22/504-2000  
Web site: <http://warsaw.usembassy.gov>

Ambassador: Lee Feinstein  
DCM: William Heidt

FCS: Jim Wilson, Commercial Counselor  
Tel: +48-22/625-4374  
E-mail: [Warsaw.Office.Box@mail.doc.gov](mailto:Warsaw.Office.Box@mail.doc.gov)

ECON: Michael Sessums, Economic Counselor  
Tel: +48-22/504-2000  
E-mail: [econwrw@state.gov](mailto:econwrw@state.gov)

FAS: Michael Henney, Agricultural Counselor  
Tel: +48-22/504-2000  
E-mail: [AgWarsaw@usda.gov](mailto:AgWarsaw@usda.gov)

POL: Tel: +48-22/504-2000

CON GEN: Tel: +48-22/625-1401  
E-mail: [publicwrw@state.gov](mailto:publicwrw@state.gov)

RSO: Tel: +48-22/504-2000

PAO: Tel: +48-22/504-2000  
E-mail: [WarsawMedia@state.gov](mailto:WarsawMedia@state.gov)

Further information on the American Embassy Warsaw offices and contact information:  
<http://warsaw.usembassy.gov/poland/offices.html>

**Chambers of Commerce and Bilateral Business Councils:**

Polish Chamber of Commerce  
Mr. Andrzej Arendarski, President  
ul. Trebacka 4  
00-074 Warsaw  
Telephone: (48) 22 630-9600  
Fax: (48) 22 827-4673  
E-mail: [kig@kig.pl](mailto:kig@kig.pl)  
Web site: <http://www.kig.pl/>

American Chamber of Commerce in Poland  
Ms. Dorota Dabrowski, Executive Director  
ul. Emilii Plater 53, Warsaw Financial Center, XIV floor  
00-113 Warsaw  
Telephone: (48) 22 520-5999  
Fax: (48) 22 520-5998  
E-mail: [office@amcham.com.pl](mailto:office@amcham.com.pl)  
Web site: <http://www.amcham.com.pl/>

**Country Government Offices:**

Ministry of Infrastructure  
ul. Chalubinskiego 4/6  
00-928 Warsaw  
Telephone: (48) 22 630-1000  
Fax: (48) 22 630-1116  
E-mail: [info@mi.gov.pl](mailto:info@mi.gov.pl)  
Web site: <http://www.mi.gov.pl/>

Ministry of Environment  
ul. Wawelska 52/54  
00-922 Warsaw  
Telephone: (48) 22 579-2900  
Fax: (48) 22 579-2450  
E-mail: [info@mos.gov.pl](mailto:info@mos.gov.pl)  
Web site: <http://www.mos.gov.pl/>

Ministry of Agriculture and Rural Development  
ul. Wspolna 30  
00-930 Warsaw  
Telephone: (48) 22 623-1000  
Fax: (48) 22 623-2750  
E-mail: [kancelaria@minrol.gov.pl](mailto:kancelaria@minrol.gov.pl)  
Web site: <http://www.minrol.gov.pl/>



Ministry of Finance  
ul. Swietokrzyska 12  
00-916 Warsaw  
Telephone: (48) 22 694-5555  
E-mail: kancelaria@mofnet.gov.pl  
Web site: <http://www.mofnet.gov.pl/>

Ministry of Economy  
Pl. Trzech Krzyzy 3/5  
00-507 Warsaw  
Telephone: (48) 22 693-5000, 693- 5904  
Fax: (48) 22 693-4046  
E-mail: mg@mg.gov.pl  
Web site: <http://www.mg.gov.pl/>

Ministry of Treasury  
ul. Krucza 36/Wspolna 6  
00-522 Warsaw  
Telephone: (48) 22 695 8000, 695 9000  
Fax: (48) 22 628 0872, 621-3361  
E-mail: minister@msp.gov.pl  
Web site: <http://www.mst.gov.pl/>

Information and Foreign Investment Agency  
Mr. Sławomir Majman, President of the Board  
ul. Bagatela 12  
00-585 Warsaw  
Telephone: (48) 22 334-9800  
Fax: (48) 22 334-9999  
E-mail: post@paiz.gov.pl,  
Web site: <http://www.paiz.gov.pl/>

Central Statistical Office  
Al. Niepodleglosci 208  
00- 925 Warsaw  
Telephone: (48) 22 608-3000  
Fax: (48) 22 608-3860  
E-mail: dane@stat.gov.pl  
Web site: <http://www.stat.gov.pl/>

#### **In-Country Market Research Firms:**

Millward Brown SMG/KRC  
ul. Nowoursynowska 154a  
02-797 Warsaw  
Telephone: (48) 22 545-2000  
Fax: (48) 22 545-2100  
E-mail: recepcja@moliera.smgkrc.pl  
Web site: <http://www.smgkrc.pl/>

Pentor Research International  
ul. Postępu 18B,  
02-676 Warsaw  
Telephone: (48) 22 565-1000  
Fax: (48) 22 565-1075  
E-mail: [pentor@pentor.pl](mailto:pentor@pentor.pl)  
Web site: <http://www.pentor.pl/>

Grupa IQS Sp. z o.o.  
ul. Lekarska 7  
00-610 Warsaw  
Telephone: (48) 22 592-6300  
Fax: (48) 22 825-4870  
E-mail: [kontakt@iqs-quant.com.pl](mailto:kontakt@iqs-quant.com.pl)  
Web site: <http://www.iqs-quant.com.pl/>

CRACOVIAN INTERNATIONAL CONSULTANTS (CIC)  
ul. Straszewskiego 28, Suite 22  
31-113 Kraków  
tel: (48 12) 432 1661  
fax: (48 12) 432 1660  
E-mail: [cic@cic.com.pl](mailto:cic@cic.com.pl)  
Website: <http://www.cic.com.pl/>

PMR Ltd.  
ul. Supniewskiego 9  
31-527 Kraków  
tel: (48) 12 618-9000  
fax: (48 )12 618-9008  
E-mail: [info@pmrcorporate.com](mailto:info@pmrcorporate.com)  
Website: <http://www.pmrporate.com/>

### **Multilateral Development Bank Offices in Poland**

European Bank for Reconstruction and Development  
Warsaw Financial Center  
13th Floor  
ul. Emilii Plater 53  
00-113 Warsaw  
Telephone: (48) 22 520-5700  
Fax: (48) 22 520-5800  
E-mail: not published  
Web site: <http://www.ebrd.com/>

World Bank  
Warsaw Financial Center  
9th Floor  
ul. Emilii Plater 53  
00-113 Warsaw  
Telephone: (48) 22 520-8000  
Fax: (48) 22 520-8001

E-mail: [akowalczyk@worldbank.org](mailto:akowalczyk@worldbank.org)  
Web site: <http://www.worldbank.org.pl/>

International Monetary Fund  
Regional Office for Central Europe and the Baltics  
00-108 Warszawa  
ul. Zielna 37c  
Tel. +48 22 338 6700  
Fax +48 22 338 6500  
E-mail: [cee-office@imf.org](mailto:cee-office@imf.org)  
Web site: <http://www.imf.org/Poland>

### **Country Major Commercial Banks and Financial Institutions**

PKO BP  
ul. Pulawska 15  
02-515 Warszawa  
Telephone: +48 22 521 8010  
Fax +48 22 521 7946  
E-mail: [informacje@pkobp.pl](mailto:informacje@pkobp.pl)  
Web site: <http://www.pkobp.pl/>

Bank Polska Kasa Opieki  
Pekao S.A.  
ul. Grzybowska 53/57  
00-950 Warszawa  
Telephone: +48 22 656 0000  
Fax +48 22 656 0004  
E-mail: [info@pekao.com.pl](mailto:info@pekao.com.pl)  
Web site: <http://www.pekao.com.pl/>

BRE Bank SA  
ul. Senatorska 18  
00-950 Warszawa  
Tel. +48 22 829 0000  
Fax +48 22 829 0033  
E-mail: [piotr.rutkowski@brebank.pl](mailto:piotr.rutkowski@brebank.pl)  
Web site: <http://brebank.pl>

ING Bank Slaski S.A.  
ul. Sokolska 34  
40-086 Katowice  
Telephone: +48 32 357 7000  
Fax: +48 32 357-7010, 357-7015  
E-mail: [mam pytanie@bsk.com.pl](mailto:mam pytanie@bsk.com.pl)  
Web site: <http://www.ing.pl/>

Bank Zachodni WBK S.A.  
Rynek 9/11  
50-950 Wroclaw  
Telephone: +48 71 370 1403

Fax: +48 71 344 2296  
E-mail: [rzecznik.prasowy@bzwbk.pl](mailto:rzecznik.prasowy@bzwbk.pl)  
Web site: [www.bzwbk.pl](http://www.bzwbk.pl)

NBP  
Polish National Bank  
ul. Świętokrzyska 11/21  
00-919 Warszawa  
Telephone: (48) 22 653 10 00  
Fax: (48) 22 653 2475  
e-mail: [sekretariat.gp@nbp.pl](mailto:sekretariat.gp@nbp.pl)  
Web site: <http://www.nbp.pl>

Giełda Papierów Wartościowych  
Warsaw Stock Exchange  
ul. Książęca 4  
00-498 Warszawa  
Telephone: +48 22 628 3232  
Fax: +48 22 628 1754  
e-mail: [gpw@gpw.pl](mailto:gpw@gpw.pl)  
Web site: <http://www.gpw.pl>

Związek Banków Polskich  
Polish Bank Union  
ul. Kruczkowskiego 8  
00-380 Warszawa  
Telephone: +48 22 48 68 180, 48 68 190  
Fax: +48 22 48 68 100  
e-mail: [wp@zbp.pl](mailto:wp@zbp.pl)  
Web site: <http://www.zbp.pl>

Polska Izba Ubezpieczeń  
The Polish Chamber of Insurance  
ul. Wspólna 47/49  
00-684 Warszawa  
Telephone: +48 22 42 05 105  
Fax: +48 22 420-5107  
e-mail: [office@piu.org.pl](mailto:office@piu.org.pl)  
Web site: <http://www.piu.org.pl>

Izba Zarządzających Funduszami i Aktywami  
Chamber of Investment Fund Associations  
ul. Nowy Świat 6/12  
00-400 Warszawa  
Telephone: +48 22 58 38 600  
Fax: +48 22 58 38 601  
e-mail: [poczta@izfa.pl](mailto:poczta@izfa.pl)  
Web site: <http://www.izfa.pl>

Izba Domów Maklerskich  
The Chamber of Brokerage Houses

ul. Kopernika 17  
00-359 Warszawa  
Telephone: +48 22 828 1402/03, 827-3212  
Fax: +48 22 827 8554  
e-mail: [biuro@idm.com.pl](mailto:biuro@idm.com.pl)  
Web site: <http://www.idm.com.pl>

Izba Gospodarcza Towarzystw Emerytalnych  
Chamber of Pension Associations  
Al. Jana Pawła II 34 lok.7  
00-141 Warszawa  
Tel. +48 22 620 6768  
Fax +48 22 620 6738  
E-mail: [igte@igte.com.pl](mailto:igte@igte.com.pl)  
Web site: <http://www.igte.com.pl>

Związek Polskiego Leasingu  
Polish Leasing Association  
ul. Rejtana 17  
02-516 Warszawa  
Tel. +48 22 542 4136  
Fax +48 22 542 4137  
E-mail: [zpl@leasing.org.pl](mailto:zpl@leasing.org.pl)  
Web site: <http://www.leasing.org.pl>

Komisja Nadzoru Finansowego  
Polish Financial Supervision Authority  
Plac Powstańców Warszawy 1  
00-950 Warszawa  
Telephone: +48 22 262 5000  
Fax: +48 22 262 5111  
e-mail: [knf@knf.gov.pl](mailto:knf@knf.gov.pl)  
Web site: <http://www.knf.gov.pl>

#### **Trade Associations:**

Polish Chamber of Information Technology  
and Telecommunications  
(Polska Izba Informatyki I Telekomunikacji)  
ul. Koszykowa 54, III floor, Room no. 03 230  
00-675 Warsaw  
Telephone: (48) 22 628-2260, 628-2406  
Fax: (48) 22 628-5536  
E-mail: [biuro@piit.org.pl](mailto:biuro@piit.org.pl)  
Web site: <http://www.piit.org.pl/>

Polish Chamber of Commerce for Electronics  
and Telecommunications  
(Krajowa Izba Gospodarcza Elektroniki I Telekomunikacji)  
ul. Stepinska 22/30  
00-739 Warsaw

Telephone: (48) 22 840-6522  
Fax: (48) 22 851-0300  
E-mail: kigeit@kigeit.org.pl  
Web site: <http://www.kigeit.org.pl/>

Polish Association of Sanitary, Heating,  
Gas and Air Conditioning Enterprises  
(Polska Korporacja Techniki Sanitarnej,  
Grzewczej, Gazowej I Klimatyzacji)  
Al. KEN 95  
02-777 Warsaw  
Telephone: (48) 22 678-9893, 678-7929  
Fax: (48) 22 678-2076  
E-mail: sggik@sggik.pl  
Web site: <http://www.sggik.pl/>

The Association of Polish Architects (SARP)  
( Stowarzyszenie Architektow Polskich)  
ul. Foksal 2  
00-950 Warsaw  
Telephone: (48) 22 827-8712  
Fax: (48) 22 827-8713  
E-mail: sarp@sarp.org.pl  
Web site: <http://www.sarp.org.pl/>

Polish Homebuilders Association  
(Polskie Stowarzyszenie Budowniczych Domow)  
ul. Foksal 2  
00-366 Warsaw  
Telephone: (48) 22 827 77 50  
Telephone/fax: (48) 22 828-3044  
E-mail: psbd@psbd.com.pl  
Web site: <http://www.psbd.com.pl/>

Economic Chamber of Energy and Environmental Protection  
(Izba Gospodarcza Energetyki I Ochrony Srodowiska)  
ul. Krucza 6/14, room 124  
00-950 Warsaw  
Telephone: (48) 22 621-6572  
Fax: (48) 22 628-7838  
E-mail: sekretariat@igeos.pl  
Web site: <http://www.igeos.pl>

Economic Society Polish Power Plants  
(Towarzystwo Gospodarcze Polskie Elektrownie)  
ul. Krucza 6/14  
00-950 Warsaw  
Telephone: (48) 22 629-0409  
Fax: (48) 22 628-6000  
E-mail: tgpe@energoprojekt.pl  
Web site: <http://www.tgpe.pl>

Polish Chamber of Tourism  
(Polska Izba Turystyki)  
Ul. Krakowskie Przedmieście 64/7  
00-322 Warsaw  
Telephone: (48) 22 826-5536  
Fax: (48) 22 826-5536  
E-mail: [bwpit@pit.org.pl](mailto:bwpit@pit.org.pl)  
Web site: <http://www.pit.org.pl/>

Polish Chamber of Pharmaceutical Industry and Medical Devices - POLFARMED  
(Polska Izba Przemysłu Farmaceutycznego  
i WYROBÓW MEDYCZNYCH - POLFARMED)  
ul. Lucka 2/4/6  
00-845 Warsaw  
Telephone: (48) 22 654-5351, 654-5352  
Fax: (48) 22 654-5420  
E-mail: [sekretariat@polfarmed.com.pl](mailto:sekretariat@polfarmed.com.pl)  
Web site: [www.polfarmed.com.pl](http://www.polfarmed.com.pl)

Polish Chamber of National Defense Manufacture  
(Polska Izba Producentów na Rzecz Obronności Kraju)  
ul. Fort Wola 22  
00-961 Warszawa  
Tel: (48) 22 634-4778, 634-4779  
Fax: (48) 22 836-8424  
E-mail: [izba@przemysl-obronny.pl](mailto:izba@przemysl-obronny.pl)  
Web site: [www.przemysl-obronny.pl](http://www.przemysl-obronny.pl)

## **Market Research**

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is gratis.

## **Trade Events**

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Please visit the following links for information about upcoming trade events.

U.S. Trade Event Searchable Database: [http://www.export.gov/eac/trade\\_events.asp](http://www.export.gov/eac/trade_events.asp)

Trade Events in Poland: [http://www.buyusa.gov/poland/en/trade\\_fairs.html](http://www.buyusa.gov/poland/en/trade_fairs.html)

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov).

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link:

[http://www.buyusa.gov/poland/en/products\\_and\\_services.html](http://www.buyusa.gov/poland/en/products_and_services.html)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

**We value your feedback on the format and contents of this report. Please send your comments and recommendations to: [Market\\_Research\\_Feedback@trade.gov](mailto:Market_Research_Feedback@trade.gov)**

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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